FINANCIAL TIMES

PUBLISHED IN LONDON AND FRANKFURT

No. 28,670

Monday January 11 1982

CONTINENTAL SELLING PRICES: AUSTRIA Sch. 15; BELGIUM Fr 30; DENMARK Kr 6.00; FRANCE Fr 5.00; GERMANY DM 2.0; ITALY L 1,000; NETHERLANDS Fl 2.25; NORWAY Kr 6.00; PORTUGAL Esc 50; SPAIN Pta 85; SWEDEN Kr 5.00; SWITZERLAND Fr 2.0; EIRE 42p; MALTA 30c

NEWS SUMMARY

Two die as icy weather grips UK

Arctic weather tightened its paralysing grip on Britain yesterday as weathermen warned they could see no immediate improvement in the worst winter conditions since 1963.

More snow is forecast for the East Coast and South Wales today and the whole country will continue to shiver in below freezing temperatures.

Early yesterday the lowest temperature ever recorded in the British Isles—minus 27C—was equalled at Braemar in the Cairngorms.

The intense cold offered little relief from the chaos caused by widespread blizzards on Friday and Saturday.

Many towns and villages were still isolated by snow drifts up to 12 feet deep. Road travel was impossible in many areas.

The cold claimed at least two lives. Farmer William Harris, 73, was found dead after trying to feed his sheep in South Shropshire. Police in Derbyshire, searching for 71-year-old Christina Unwin, missing since Friday, found a woman's body in a nearby river.

Wales was again worst hit by the freeze. Almost 1,000 stranded motorists rescued from the M4 were spending their third night in special accommodation near Bridgend. Hundreds of schools were expected to remain shut until late this week.

Engineers from the Central Electricity Generating Board aided by four helicopters spent the day in West Wales attempting to restore power to more than 1,000 homes which were without heat and light.

More than 500 workers were marooned in the British Steel Corporation's Port Talbot works, and another 100 at Llanwern.

The Port Talbot men, who have been in the plant since Thursday, used mechanical diggers to collect supplies from a nearby farm. Steel production continued at both plants until yesterday, when it was stopped on safety grounds because of lack of sleep.

GENERAL

10 Italian terrorist suspects held

Police hunting for U.S. general kidnapped by Italy's Red Brigades arrested 10 suspected guerrillas, including an alleged leader, in Rome. Page 2

Tatchell backed

Bermondsey Labour Party again endorsed Peter Tatchell as its parliamentary candidate on the eve of today's key Labour [illegible] meeting.

Singapore arrests

Ten people, including four opposition politicians, have been detained in Singapore on charges of planning to overthrow the Government.

Minister in crash

Malaysian Foreign Minister Tan Sri Ghazali Shafie is feared dead after his light plane crashed in thick jungle near Kuala Lumpur.

Blasphemy law

The Archbishop of Canterbury says the blasphemy law should be retained and extended to other religions in response to a Law Commission proposal it be abolished.

Assassination bid

The brother of Iranian President Hojatoleslam Ali Khamenei was shot and wounded in Tehran. His two bodyguards were killed.

50 found shot

The bodies of 50 people showing signs of torture were found in Guatemala's San Marcos province. All the victims had been shot.

Police chief stays

Supporters of Loyalist leader Ian Paisley suffered a setback when Ulster police federation chief Alan Wright withdrew his resignation. Page 4

Holidays Bill

A Bill to protect tourists against inaccurate descriptions of holidays offered by travel agents will be introduced in the Commons this month.

Briefly...

Firemen saved three young sisters from their blazing Keighley home.

British protectorate of Brunei introduced the death penalty for drug trafficking.

Guard at the PLO's Rome office was badly wounded when his gun went off accidentally.

BUSINESS

Grade may quit as ACC chief

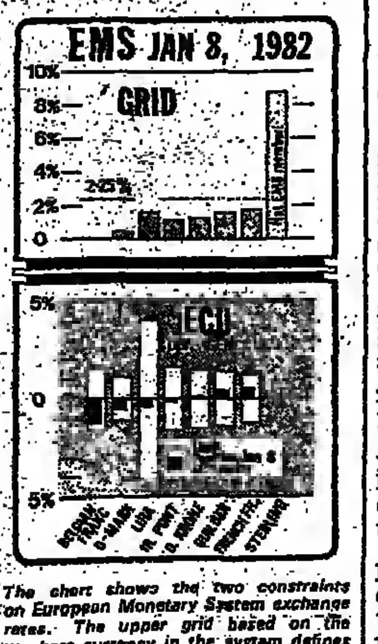
● ASSOCIATED Communication Corporation is expected to issue a statement today on the future of Lord Grade, its 75-year-old chairman. He is said to have been considering stepping down for some time. Back Page

● NATIONAL COAL Board shut 10 pits last year, the most [illegible] with miners over closures. Coal for 360 years, Page 4

● ROLLS-ROYCE wants to shed 480 jobs at its Hillington plant near Glasgow, and blames the airline industry recession. Page 4

● SMALL BUSINESSES may win up to £50,000 as an incentive award in a competition launched by insurance and shipping group Hill Samuel. Page 2

● THERE was little change in the European Monetary System last week, with the Belgian franc slightly firmer, but remaining the weakest member, below the D-Mark and Italian lira. The lack of pressure on the Belgian currency, and the recent solution of the political crisis there, allowed a reduction in the central bank discount rate. The French franc replaced the Irish punt as the strongest EMS currency.



The chart shows the two constraints on European Monetary System exchange rates. The upper grid based on the weakest currency in the system defines the cross rates from which no currency (except the lira) may move more than 2¼ per cent. The lower chart gives each currency's divergence from the "central rate" against the European Currency Unit (ECU) itself a basket of European currencies.

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Monopoly report on Royal Bank rejects both bids

BY DAVID CHURCHILL AND WILLIAM HALL

THE MONOPOLIES and Mergers Commission has rejected the two £500m takeover bids for the Royal Bank of Scotland group.

The Commission has ruled that the proposed merger with either the Standard Chartered Bank or the Hongkong and Shanghai Banking Corporation would be against the public interest in a confidential report sent to the Government last month.

The report is now in the hands of Mr John Biffen, the Trade Secretary, who still has the power under the 1973 Fair Trading Act to over-rule the commission's decision.

It would be most unusual for Mr Biffen to reverse the report's findings, but it seems likely that the affair will be on the agenda of Thursday's Cabinet meeting.

The commission's findings are likely to annoy several ministries and run counter to the Government's commitment to greater competition in the financial sector.

The Foreign Office is anxious that no decision be taken which could jeopardise Britain's relations with Hong Kong and China, while the Bank of England has supported the Standard Chartered bid as against that by the Hongkong Bank.

If accepted, the report could lead to curbs by foreign governments on UK banks' overseas expansion.

The nine-month-long investigation has been among the most complex tasks given the commission. From an early stage, it was clear that there were no competitive grounds for banning either bid.

However, the move raised important questions about the legitimacy of the Bank of England's powers to control takeovers in the UK banking system and also touched on important regional issues.

In particular, there were widespread fears in Scotland that a takeover of the Royal Bank of Scotland group—which owns Scotland's largest clearing bank, and England's fifth-biggest clearing bank, Williams and Glyn's — would affect the Scottish economy.

The commission has considerable freedom in determining the public interest issues involved in mergers, although there are certain criteria laid down by section 84 of the Fair Trading Act.

The commission has previously demonstrated its belief in the continued independence of Scottish business. In August 1980, it ruled against the acquisition of the Highland Distillery Company by a Canadian company and the Scottish regional issue appears again to have swayed its thinking in the bank's case.

Although there has been considerable uncertainty about the outcome, the majority of City analysts had felt that both bids would be allowed to proceed. The price of Royal Bank shares rose from 87p before the bids last spring to a peak of 202p. But in recent days they have slipped back to 192p.

The commission's findings are likely to cause the Royal Bank of Scotland considerable embarrassment at its annual meeting on Thursday.

The group board has said it should be allowed to merge with Standard Chartered Bank, the partner of its choice. Several influential voices in Scotland have argued that the bank's board has failed Scotland in seeking a merger. There could be calls for directors to resign.

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Action in U.S. on steel imports angers EEC

BY GILES MERRITT AND ALAN PIKE

EMERGENCY MEASURES to help protect the EEC steel industry against the effects of U.S. anti-dumping suits will be presented to member governments by the EEC Commission soon.

The Commission reacted sharply at the weekend to the U.S. administration's announcement that anti-dumping and countervailing duties law suits by American steel producers against West European companies will go ahead.

Viscount Etienne Davignon, the Industry Commissioner, deplored the decision and emphasised that EEC steel exports to the U.S. were not responsible for the difficulties of the American industry.

There is an acute danger that the proposed law suits against producers in seven EEC countries will severely curtail European exports to the U.S.—which at the end of last year were running at an annual rate of 6m tonnes—and jeopardise the EEC's delicate efforts to stabilise the Common Market steel industry.

EEC industry Ministers will have their first opportunity to consider the crisis at a meeting in Brussels on Wednesday. They are expected to discuss what measures can be taken to protect the EEC industry. There were hints at the week-end that the EEC might retaliate against the U.S. through action under the General Agreement on Tariffs and Trade.

Although no details of the Commission's proposed emergency measures are yet known, it is likely that they will include concerted EEC financial support for steel-makers. Such a move would, however, reinforce U.S. resentment against subsidies to the EEC steel industry which has sparked the legal action.

The American decision to go to law coincides with the introduction of price increases averaging 12½ per cent in the EEC steel industry—the latest move in a drive to improve profitability and remove Government subsidies.

A sharp reduction in exports to the U.S. would lead to EEC steel-makers seeking alternative markets within Europe. It would put restructuring efforts at risk. This could have particularly serious consequences for the British Steel Corporation's attempts to return to profitability in the 1982-83 financial year.

Although Britain is one of the EEC countries named in the U.S. law suits, BSC is satisfied that it is innocent of any dumping allegations. The corporation has recently concentrated on supplying relatively high value products like rail track equipment and tubes, for which there is a shortage of capacity in the U.S.

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Wytch Farm revalued at £400m

BY RAY DAFTER, ENERGY EDITOR

THE ENFORCED sale of *British Gas Corporation's* Wytch Farm oil reserves in Dorset could raise more than £400m for the Government, according to gas industry figures. This is more than double previous market estimates, and is based on new drilling information which makes Wytch Farm potentially one of the most significant oil discoveries in the UK.

The figure has been provided in a memorandum to the Commons Select Committee on Energy. Proven reserves of Wytch Farm are now put at 200m barrels, twice the amount previously indicated.

British Gas believes other prospects on the Wytch Farm licence—also part of the sale—could boost recoverable reserves to nearer 400m barrels.

The estimates mean Wytch Farm could match in size some of the most attractive fields in the North Sea, but with development costs a fraction of those offshore.

British Gas, which operates the field co-owns the reserves with British Petroleum, has been told to sell its 50 per cent stake as part of a re-organisation of the gas industry. The Government is anxious for the sale to be completed by the end of March, so the cash can go to the Exchequer this financial year.

The gas corporation is believed to have told the Energy Department that this deadline is almost impossible to meet.

Independent consultants, commissinned to look at estimates of reserves and production potential, are not expected to submit their reports until the end of February. British Gas, which has made no secret of its objections to the disposal order, believes it could be late summer or autumn before the sale is completed.

So far about 30 potential buyers, including a number of exploration consortia, have expressed an interest in acquiring the assets. But the new reserve estimates and the increasa in asset value could restrict the number of poteotial buyers.

Although British Gas has given the Government an assurance that it will comply with the disposal order, Ministers are watching developments closely to ensure that the corporation does not frustrate a speedy sale.

It is understood that British Gas has told the Energy Department it would like to remain as *operator for Wytch Farm*—perhaps as a contracted company. The corporation has also been looking at ways of maintaining a minority equity stake in the field, which it found and developed.

In the face of proposed changes in its obligations—including a reduced stake in the oil exploration business—British Gas is laying more emphasis on finding and producing new reserves of natural gas. It is starting a five-well drilling programme in prospective gas producing acreage of the Irish Sea, near its Morecambe gas field.

The corporation is also conducting an extensive £3m seismic search programme in the gas producing southern sector of the North Sea—part of the most extensive survey of the area since the early 1960s.

Coal for 360 years—NCB
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Move soon on Sizewell inquiry

BY DAVID FISHLOCK, SCIENCE EDITOR

THE CABINET is expected to proceed with a public inquiry this autumn into plans to build Sizewell "B," Britain's first nuclear power station using a pressurised water reactor. Its decision on the Suffolk power station project will be given to the Commons by Mr Nigel Lawson, Energy Secretary, when MPs return next week.

Mr Lawson has already been briefed by the task force set up last summer by Mr David Howell, the former Energy Secretary, to expedite progress *on the new Sizewell "B" design* drawn up after the original one was abandoned last spring for being too expensive.

The task force, headed by Dr Walter Marshall, chairman of the UK Atomic Energy Authority, has shown that where the new design can save considerably on capital costs is on the non-nuclear side of the plant. This accounts for nearly 90 per cent of the total expenditure.

The Cabinet must now decide whether, if the inquiry starts late this year, it can be conducted without becoming an electoral handicap for the Government. Some senior ministers are understood to believe that the project could cost the Government votes at tha next electinn.

So far, and with considerable top-level U.S. assistance, the task force has put the project back on schedule.

The pre-construction safety case, a pile of documents over 2 feet tall, has been completed and is being reviewed by the Nuclear Installations Inspectorate and the Health and Safety Inspectors for the Central Electricity Generating Board.

Mr Lawsoo has been told that the pre-construction safety case should be ready for publication this spring, allowing potential witnesses several months to study it before next autumn, which is the earliest time for the start of the public inquiry.

Amersham International to come on to market soon, Page 4

Jenkins intends to stand at Hillhead

By Peter Riddell, Political Editor

MR ROY JENKINS intends to stand in the Glasgow Hillhead by-election. The latest opinion polls suggest he is the favourite.

Barring any last-minute hiccups in the local Liberal Party's internal procedures Mr Jenkins will put his name forward formally as Social Democratic-Liberal Alliance candidate in the next few days and will travel to Scotland for an adoption meeting.

Last night Mr Jenkins met Mr Chick Brodie, prospective Liberal candidate for Hillhead, and Mr Ken Wardrop, the local Liberal chairman, to discuss the prospects. Mr Brodie will have to withdraw before Mr Jenkins can stand.

The evidence is that Mr Jenkins has a good chance of winning the seat, held by the late Sir Thomas Galbraith for the Tories with a 2,002 majority in the May 1979 general election. This is in spite of Mr Jenkins's disadvantage of not being Scots.

A System 3 poll carried out for BBC Scotland shows Mr Jenkins, for the Alliance, taking a 39 per cent share, compared with 28 per cent for Labour, 21 per cent for the Tories and 12 per cent for the Scottish Nationalists. When Mr Jenkins was not named in the question put, the Alliance would attract 32 per cent, compared with 35 per cent for Labour.

Leading Liberals in London are keen that Mr Jenkins should stand and be back in the Commons as soon as possible. They also privately hope he will become SDP chief in the leadership election this year.

The discussions at Hillhead have been marked by some of the misunderstandings between SDP and Liberals which have bedevilled the Alliance this year.

The cautious agreement between the partners on the allocation of parliamentary seats will be tested in the next few days when crucial talks are due around London, in the North-West and in Devon and Cornwall.

SDP leaders will be looking for signs the Liberal leadership is willing to support last Thursday's understanding. This was that while Liberals can fight the 50 seats where they have performed best in the past, including the 12 where there are Liberal MPs, the SDP will

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Unions may launch drive to spell out Labour objectives
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THIS IS the first uncensored dispatch received from Christopher Bobinski, our correspondent in Warsaw, since the imposition of martial law, now in its fifth week. Censorship was relaxed at the weekend. Telephone services have been restored within towns but not between them, and international operators are still not accepting calls.

Poles despondent as Glemp talks with Jaruzelski

ONLY A FEW people bothered to brave the cold and watch a company of soldiers and a small army band go through the traditional Sunday changing the guard ceremony in Warsaw's Victory Square yesterday.

The detachment, smaller than usual, went through its drill at the monument to the unknown soldier in the bitterly cold, windswept and snow-covered square. The crowd which used to watch the ceremony was absent.

The scene symbolised the isolation of Poland's military authorities and points to the lack of hope for the future that many Poles feel.

But a major success for the authorities came on Saturday when Archbishop Josef Glemp, head of the Roman Catholic Church in Poland, met General Wojciech Jaruzelski, head of the military council.

This indicates that the Archbishop has decided to give the military authorities the benefit of the doubt and assumes official assurances that reforms will continue and martial law will be lifted are still valid.

Given the deep measure of mistrust and anger that many people feel towards the authorities at the cutting of basic freedoms and at the suppression of the Solidarity free trade union, there is a risk that the Church's reputation will suffer as a result of the meeting.

On the other hand, it can be assumed that before the Church leader agreed to the meeting, he received assurances that action would be taken to alleviate the rigours of martial law and that a return to civilian rule would be arranged.

The Church is sticking to its demand that the authorities start talks with Solidarity and that Mr Lech Walesa, the unions' leader who is still being held by the authorities, be permitted to meet members of the union's legally elected Praesidium.

Few details of the Archbishop's meeting have emerged. The bland tone of the communique suggests to observers that it did not resolve the main differences.

The Archbishop took a conciliatory line in a major sermon last week when he came out against violent resistance to the authorities and counselled patience. The assumption is that General Jaruzelski and the politicians grouped around him want a return to normal conditions and will work to this end as long as they can show they are not making concessions under pressure.

Meanwhile, life in the cities became easier yesterday when the authorities restored local telephone communications.

The authorities are also permitting a gradual return to work at the universities. Some activities for final year students have begun. Warsaw University, closed since martial law was imposed, is due to resume during the last week of this month.

At the moment there is no pressure on the university to conduct a purge of students and staff. This was one of the conditions set by the university authorities before they agreed to resume teaching.

However, the authorities have failed to release up to 20 staff and students still interned. University staff have been arguing that it would be easier to contain student unrest if the internees were freed. The authorities have hinted of dire consequences for the university if protests break out.

Nato foreign ministers will meet in Brussels today intent on reaching a united front against military rule in Poland. The Europeans and Americans are divided over strategy, however, and Greek reluctance to criticise the Soviet Union or consider EEC sanctions could cause problems.

U.S. Secretary of State Mr Alexander Haig would like to achieve European support for sanctions, but his priority will be to avoid open disarray. His minimum target will be a statement blaming Moscow for the situation in Poland. Back Page

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Inching towards Nato consensus, Page 19

£ in New York

	Jan. 8	previous
Spot	$1.9035-9055	$1.9195-9210
1 month	0.34-0.29 dis	0.34-0.29 dis
3 months	0.75-0.68 dis	0.78-0.70 dis
12 months	1.00-0.80 dis	1.15-0.95 dis

OVERSEAS NEWS

Poland's military regime shows growing confidence

BY OUR FOREIGN STAFF

THE POLISH Government now appears confident enough to allow a marginal relaxation of martial law, although there is no sign that Solidarity's suspension will be lifted or its leading activists released.

But western journalists were yesterday allowed to despatch uncensored reports to the West. Communication within Warsaw and all other provincial cities has been restored, although it is not yet known whether telephone lines between cities will be open to the general public. The authorities made it clear that lines would be tapped.

Flights between Polish cities and to the West are resuming. Restrictions on travel both for Poles and foreigners within each of the country's 49 provinces are also to be eased, but permits still have to be obtained to cross provincial boundaries. Cars are being stopped and searched less frequently, but there is still a total ban on private motorists acquiring petrol.

Tanks and armoured cars are less in evidence in Warsaw than during the first two weeks of martial law. From January 15 theatres, art galleries, cinemas, clubs and cultural centres will reopen, but the curfew, from 11 pm until 5 am, will continue.

Church opposition seems to be hardening and Sunday mass was not allowed to be broadcast, although that was one of the original 21 demands of the Gdansk strikers in August 1980.

The Government has said that internees are being gradually released but fresh reports reaching the West conflict with the figures of detainees disclosed recently by the authorities.

Mr Boguslaw Stachura, a deputy Interior Minister, said on Friday that 5,067 people were in detention. A provincial military paper, however, quoted a colonel in the south-west city of Wroclaw as saying there were 921 internments there alone. Church officials have said there are 49 camps and prisons altogether. Another independent informant said that 2,000 workers were arrested in the town of Radom, which has been sealed off.

Parliament is expected to meet on January 20 to discuss martial law and other issues.

It is possible that it will enact legislation to place martial law on the statute book, thus allowing the military to withdraw to barracks while maintaining the machinery of martial law.

Joint military manoeuvres involving 25,000 troops from the Soviet Union, Hungary and Czechoslovakia will take place in western Czechoslovakia, near the Polish border, between January 25-30.

Economic figures in Government have become more prominent, suggesting that the Government is concentrating on economic matters while remaining unsure how to proceed politically.

It is clear that there is considerable party infighting, leading to speculation that the Polish United Workers' Party (the official term for the Communist Party) may be disbanded in its present form and a new civilian body set up in its place.

Brian Mooney, Reuter's correspondent in Warsaw, says there is barely a flicker of life from the party. "What party?" he quotes an official as saying. "It's dead."

Mr Nikolai Patolichev

Sanctions warning to West

By Leslie Colitt in Berlin

THE SOVIET UNION has warned western European countries not to join in U.S. economic sanctions against Moscow and Warsaw as this would only harm their future trade with Comecon.

Mr Nikolai Patolichev, Soviet Foreign Trade Minister, said those western European countries which "bow to overseas pressure," risked forfeiting their position in Soviet foreign trade.

"Experience shows it is easier to demolish trade relations than to build them up again," Mr Patolichev wrote in the Communist Party newspaper, Pravda.

He noted that in the 1970s western Europe had lived in "peace and detente" and had profited from expansion of trade with the Soviet Union and eastern Europe. The hint appeared to be that if western European countries curbed their trade with Moscow, it would affect their political relations with the Soviet Union.

Mr Patolichev said Moscow's economic co-operation was "especially flourishing" with West Germany, France and Finland. There was "progress" in trade with Britain and "positive results" with Switzerland. Belgium, the Netherlands, Sweden and some other countries.

Moscow now conducted 80 per cent of its trade with the West with western European countries, Mr Patolichev said.

Unemployment figures add to pressure on Schmidt

BY STEWART FLEMING IN FRANKFURT

WEST GERMANY'S Government is coming under mounting pressure to take steps to stimulate the economy and create new jobs following publication last week of unemployment figures for December which were the worst for 28 years.

Trade union leaders including Herr Heinz Oskar Vetter, chairman of the West German Trade Union Federation, sharpened their attacks on the Government and called for "action not words." Other union leaders said that the coming wage round, which gets under way in earnest tomorrow, when negotiations begin in the metal industry, will be much tougher than expected in view of the deteriorating employment situation.

In December unemployment reached 1.7m, 7.3 per cent of the workforce, compared with 6.4 per cent in November. Further rises to close to 2m are expected as the winter progresses.

The rise in unemployment presents Chancellor Helmut Schmidt's Government with a major new domestic challenge since it threatens to reignite the smouldering conflict on economic policy between Herr Schmidt's Social Democratic Party and its coalition partner, the Free Democrats.

Leading SPD members have been calling for Government action to fight unemployment, in particular by helping to stimulate investment, while FDP leaders have been digging in against such action especially if it were to be financed with higher taxes or Government borrowing.

Failure by the SPD-led Government to come up with at least some measures to help the unemployed will tend to deepen the distrust between the SPD and its traditional support in the trade unions.

Moreover, a further protracted rise in unemployment, by adding to the sums which will have to be spent on unemployment benefits, are, according to some economists, already threatening to undermine the calculations on which the Government has based its budget plans.

There have been signs in recent weeks of intense activity aimed at finding some compromises. Chancellor Schmidt is expected to have another round of meetings with trade union and business leaders next week to discuss economic policy before the Government publishes its annual economic report. If any action on unemployment is decided on, it is expected to be in the context of that report.

Mixed reaction to move on Gibraltar

THE Spanish Government's decision to reopen the frontier with Gibraltar on April 20 has been greeted by Spain's political parties and Press with a mixture of caution, relief and, in the case of the extreme Right, strong criticism, Robert Graham writes from Madrid.

No group has unreservedly welcomed the announcement, underlying the sensitivity of the issue.

China reassurance

China has said it acknowledges the importance of Hong Kong as a free port and centre of commerce and does not want to see its prosperity damaged, according to Mr Humphrey Atkins, the British Deputy Foreign Secretary, Kevin Rafferty reports from Hong Kong.

Mr Atkins was speaking in the British colony before leaving for South Korea on the next leg of his Far East tour.

Syrian mission

Syria's Foreign Minister, Abdel-Halim Khaddam, visited Saudi Arabia yesterday to deliver messages from President Hafez al-Assad to Arab leaders in the Gulf, Reuter reports from Bahrain. The messages are believed to be connected with Israel's annexation of the Golan Heights, captured from Syria in 1967. Mr Khaddam is to visit Moscow next week.

Fears for Minister

Malaysia's Foreign Minister, Tan Sri Ghazali Shafie, was reported missing, feared dead, last night when wreckage of his light aircraft was found in jungle near Kuala Lumpur, Kevin Rafferty reports from Hong Kong.

Singapore arrests

Ten people have been arrested in Singapore for allegedly seeking to overthrow the Government "through use of arms," Kathryn Davies reports from Singapore.

Pope attacks 'violation of conscience'

VATICAN CITY—Breaking a nine-day silence on the crisis in his homeland, the Pope said yesterday that Poles were being forced to sign declarations which went against their conscience, under the threat of losing their jobs.

The Pope was addressing 30,000 people in St Peter's Square four weeks after martial law was declared in Warsaw. He said he was quoting from a sermon made in the Polish capital on January 6 by Archbishop Jozef Glemp, the Polish Primate.

"One of the most fundamental rights of man is being violated: the right to liberty of conscience and conviction," he quoted the sermon as saying.

● Floods added to Poland's difficulties yesterday as the River Vistula overflowed its banks forcing thousands to evacuate their homes. Reuter

Foreign Minister arrives for talks with Gromyko

BY OUR MOSCOW CORRESPONDENT

MR JOZEF CZYREK, the Polish Foreign Minister, arrived in Moscow last night for talks in which he will give details of the past month of military rule to the Kremlin leadership.

The role of the battered Polish Communist Party is likely to figure large in the talks.

Mr Czyrek was met at Moscow's Vnukovo Airport by Mr Andrei Gromyko, the Soviet Foreign Minister, with whom he will have three days of talks. It was not known whether Mr Czyrek would meet President Brezhnev.

Mr Czyrek is the first high-ranking member of the Polish Government to call on the Kremlin since the imposition of martial law in his country on December 13 last year.

Though the Soviet side is likely publicly to treat the talks as routine consultations among Eastern bloc allies, it is clear that Mr Czyrek will be expected to give an account of what the Polish leadership believes it has achieved in the past month.

As a member of the Communist Party politburo, he will be expected to outline what future the party structure may have. Reports from Warsaw suggest that the party has been eclipsed by recent events and now has little claim to a leading role.

Moscow has indicated that it favours a purged party, streamlined of reformist and liberal elements, which can re-establish its authority and eventually take back power from the military.

Although Mr Czyrek is not a member of the Polish Military Council, he will be expected to outline the military leaders' plans. He may assess how long military rule is likely to last.

Auditors condemn EEC cash control errors

BY JOHN WYLES IN BRUSSELS

A COLOURFUL and disturbing picture of inadequate accounting procedures, petty extravagance and misguided administration has been presented in the latest and probably most controversial report yet produced by the European Court of Auditors.

While the European Commission is the target of many of its strictures, some member Governments will be disturbed by the fact that the court has put the regional and overseas development policies under scrutiny and found them wanting.

Nor does the European Parliament escape rebuke. Its practice of taking 21 days public holiday a year instead of the 18 enjoyed by the other institutions is regretted and attention is drawn to the low productivity of its typist pool.

In its fourth annual report, the court shows irritation at the lack of impact of its criticism. It says that less than half the observations in its first three reports have been followed up.

The report on financial year 1980 will raise the temperature in the court's running battle with the commission. It claims that the commission's cash controls contain serious shortcomings. About 100 bank accounts "appear to escape the control of the commission's accounting officer," says the court which is strongly critical of the failure to make regular checks between bank balances and statements.

It found nine accounts on December 31, 1980, which had not been reconciled with bank balances and in two of them the internal accounts revealed that just over £1m less was actually in the bank. The commission's cash department was unable to explain the difference.

The court also found that debts between the institutions did not tally. The commission accounts said the European Coal and Steel Community owed it 6.7m units of account while the ECSC accounts said the debt was 10.9m units.

Italy's police hold 'terror strategist'

By James Buxton in Rome

ITALY'S police have achieved one of their biggest successes for nearly a year against the Red Brigades terrorists with the arrest in Rome of a suspected Brigade strategist and nine other alleged terrorists.

In raids on Saturday police arrested Sig Giovanni Senzani, a 39-year-old professor of criminology, at a flat in a Rome suburb. Police said two other hideouts were raided and a large quantity of arms was found, including ground-to-air and other missiles. A mass of documents was seized.

Prof Senzani is a former student of terrorism. He is suspected of carrying out the interrogation of Judge Giovanni d'Urso, kidnapped by the Red Brigades but later released last winter. He has also been accused of directing two kidnapping operations last summer.

Senzani's capture may not directly assist police in northern Italy still searching for General James Dozier, the U.S. officer seized more than three weeks ago at Verona.

WORLD TRADE NEWS

U.S., Japan begin talks to end air routes dispute

BY CHARLES SMITH, FAR EAST EDITOR IN TOKYO

THE U.S. AND JAPAN are to hold four days' talks in Tokyo from today aimed at breaking the deadlock on how trans-Pacific air services between the two countries should be operated.

The talks follow imposition by the U.S. in mid-December of sanctions against Japan Air Lines (JAL) (including a requirement that JAL file information on its existing and proposed flight schedules to the U.S. Civil Aeronautics Board). Japan responded with "counter sanctions" just after Christmas and is said to be ready to take more measures if necessary.

The immediate issues at stake is Japan's refusal — which it claims is legitimate under terms of the present U.S.-Japan air transport agreement—to grant approval to an application by United Airlines to start a trans-Pacific air service between Seattle and Tokyo. More fundamental is a profound difference of view between the two governments over the distribution of flying rights between American and Japanese airlines — with Japan claiming that the existing 1952 arrangement is biased in favour of the U.S.

JAL is confined by the agreement to seven U.S. flight destinations, including New York, Los Angeles, San Francisco and Honolulu, whereas U.S. airlines operating out of Tokyo are allowed to fly to another five points. U.S. airlines enjoy further rights to sell tickets and pick up passengers between Tokyo and other foreign destinations they may choose to fly to Japan's only right of this type is from New York to Europe—a route which JAL is not interested in serving at the moment.

JAL claims U.S. airlines carry 300,000 passengers per year (including 80,000 Japanese) on transpacific routes that are closed to Japanese airlines and that beyond routes earn U.S. airlines some $250m per year.

It has demanded a specific list of beyond rights for itself (including the right to fly from the U.S. West Coast to Latin America).

Travel insurance scheme with Russia implemented

BY ADRIENNE MARGOLIS

A TRAVEL insurance arrangement between the U.S. and the Soviet Union, originally proposed prior to the Moscow Olympics but subsequently shelved, has now been implemented despite heightened tension between the superpowers.

The agreement, between the American International Group in New York and Ingrosstrakh, the Soviet state insurance concern, and Intourist, the national travel bureau provides insurance mainly for North and such American travellers to the USSR. This includes cover for baggage loss, trip cancellation or the costs of flights home. It also includes prompt, trouble-free medical attention. The package was designed to appeal to U.S. package tour operators, enabling Ingrosstrakh and Intourist to settle travel claims which arose in the Soviet Union.

The proposals were shelved following the Soviet intervention in Afghanistan, after which the tourist trade between the Soviet Union and the U.S. fell sharply. But the companies have now marketed the package this month as planned, despite the recent trade sanctions against the Soviet Union announced by President Reagan.

The American International Group's Soviet specialist Mr Daniel Rishik expects a drop in the U.S. tourist trade to the Soviet Union as a result of the worsening political climate, but said the arrangement remains in force, with negotiations with major U.S. tour operators continuing.

Ingrosstrakh, which under the agreement will take an equal share of the premium income on the travel cover issued, has given no indication that they want to pull out of the agreement, or wish to change the terms arranged. Intourist is to receive commission from both insurance companies

William Chislett reviews prospects for improved Canada-Mexico trade ties

Trudeau leads drive for nuclear deal

MR PIERRE TRUDEAU, the Canadian Prime Minister, arrives in Mexico Wednesday for a three-day official visit during which he will make an all-out drive to try to win a contract, worth over $2bn, for the first stage of Mexico's massive nuclear power programme.

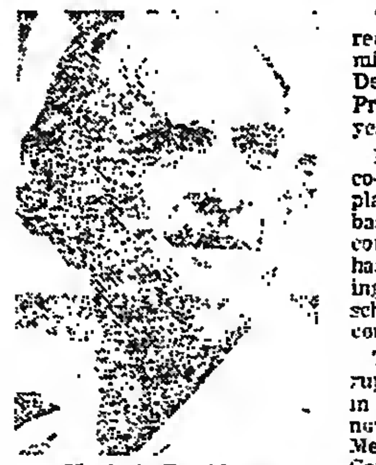
Mr Trudeau, accompanied by a group of 20 top businessmen, including Mr Robert Desprez, the chairman of Atomic Energy of Canada, comes to Mexico just three weeks before tenders are due in for a nuclear power station at Laguna Verde with a capacity of 2,300MW. The decision will be announced at the end of the year.

The contract is being hotly pursued by seven companies from five countries among them U.S. General Electric and Framatome of France.

Mexico's programme to instal 20,000MW of nuclear capacity by the year 2000 is worth over $50bn in current terms. The winner of the first contract stands a good chance of developing the entire programme.

Canada is offering its Candu heavy water system, the only one based on natural as opposed to enriched uranium.

Atomic Energy of Canada is prepared to put its industry at the service of Mexico, since its long-term health depends to an important degree on winning the Mexican contract.



Mexico's President José Lopez-Portillo

Canada is bending over backwards to offer what it considers to be the best terms for the transfer of technology and financing, over which there is bound to be a battle.

"We will match anything which rival companies put up," said a senior Canadian official. Canada has a new special fund to provide aid financing for mixing with normal export credits.

The two countries have developed a strong commercial and political relationship over the past three years. Mr Trudeau's meeting with President Jose Lopez Portillo will be the fourth in a year.

The two men chaired the recent Cancun north-south summit on World Economic Development and also met President Reagan together last year.

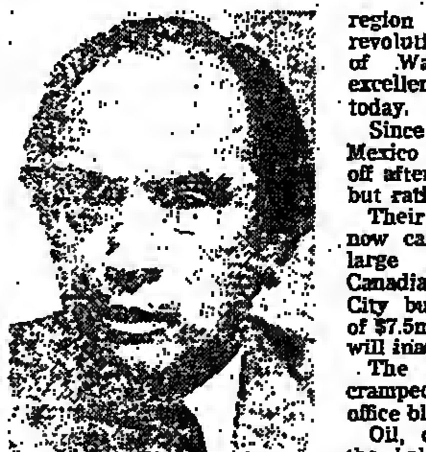
Mexico and Canada are also co-operating on a U.S.-inspired plan to develop the Caribbean basin, although nothing has come of it so far since Mexico has taken objection to Washington's attempts to use the scheme to exercise political control over the area.

Two-way trade has quadrupled in three years to $1.5bn in 1981, largely because Canada now receives 50,000 b/d of Mexican crude, and the big five Canadian banks have become very aggressive in lending to Mexico. Their total exposure in Mexico is estimated at U.S.$4bn. Canada's main exports to Mexico are newsprint, milk powder and vehicle parts.

Last year, Mexico exports to Canada stood at $905m while imports were $629m. This compares with Mexican exports of $153m in 1978 and imports from Canada valued at $197m.

Canadian companies have 130 joint ventures in Mexico, although their investment is still small. According to the Mexican Industry Ministry, Canadian investment totalled $130m, or 1.7 per cent of the total foreign investment, at the end of 1980.

Canada is one of five priority countries for Mexico in its stated policy of moving away from heavy dependence on the U.S.



Canada's Prime Minister Pierre Trudeau

Canada, for its part, wishes to develop stronger Third World links and views Mexico, with its massive energy resources and growing economy, as a potentially lucrative market.

As the two countries which share a border with the U.S., Mexico and Canada feel the influence of Uncle Sam strongly and have common problems with Washington.

The two did not take part in the economic blockade of Cuba introduced by countries in the region after Castro's 1959 revolution. To the annoyance of Washington, both enjoy excellent relations with Havana today.

Since 1979, relations between Mexico and Canada have taken off after a long period of polite but rather bland ties.

Their increased importance now can be judged from the large new hexagonal-shaped Canadian embassy in Mexico City built last year at a cost of $7.5m and which Mr Trudeau will inaugurate.

The old one was on two cramped floors in a high rise office block.

Oil, of course, has changed the balance of trade between the two countries in Mexico's favour. Canada's trade surplus with Mexico in 1980 of $90.5m was turned into a deficit of $285m last year because of Mexican crude shipments.

But unlike Mexico's other oil clients, Canada is nearly self sufficient in oil and is not a long-term market. This could hamper Canada's business prospects in Mexico.

Canadian officials are aware of this and to compensate for the stopgap nature of Mexican oil imports they are already encouraging Mexico to boost non-oil exports.

One plan being considered is for Mexico to sell its traditional fruit and vegetables direct to Canada and bypass middlemen in the U.S.

SHIPPING REPORT

Cold snap may help coal prices

BY ANDREW FISHER, SHIPPING CORRESPONDENT

THE MOST THAT could be said of shipping markets last week was that the spell of bitter cold weather in Europe might boost coal consumption and lead to an upturn in shipping rates for that commodity.

But with world dry cargo and tanker rates still becalmed and with no sight of an early improvement, most shipping brokers concentrated their attention on the market ravages suffered in 1981.

In some key trades, said Matheson (Chartering), dry cargo freight rates were down by more than 45 per cent last year. The coal boom, with frustrating queues of ships in Hampton Roads and other parts of the U.S. east coast early last year, gave markets an artificial boost.

With the advantage of hindsight, added Matheson, however, it seems likely that "the coal boom did long-term damage to the market because it triggered off a spate of orders for Panamax vessels in 1979-80. The arrival of many of these on the scene in 1981 helped to accelerate the general collapse."

World Economic Indicators

RETAIL PRICES
(1975=100)

	Nov '81	Oct '81	Sept '81	Nov '80	% change over previous year
UK	227.7	225.3	223.3	203.3	12.0
West Germany	131.8	131.2	130.8	123.7	6.5
France	195.7	194.0	191.7	171.3	14.2
Italy	270.4	265.9	261.4	228.8	18.2
Netherlands	146.5	148.0	146.7	138.0	7.6
Belgium	151.1	149.6	149.0	140.2	7.8
U.S.	174.1	173.6	173.2	158.9	9.6
Japan	146.0	146.0	145.5	140.5	3.9

Source (except Japan): Eurostat.

Foreign exchange loss feared for Zimbabwe

BY OUR SALISBURY CORRESPONDENT

ZIMBABWE could lose more than Z$50m (£35m) a year in foreign exchange unless its preferential trade agreement with South Africa was renewed, according to the Confederation of Zimbabwe Industries (CZI).

A CZI analysis prepared at Government request states that failure to renegotiate the pact could also mean the loss of 7,000 jobs in manufacturing industry.

Deterioration

Last year, following a sharp deterioration in political relations between Salisbury and Pretoria, South Africa announced it intended to terminate the 17-year-old agreement next March 31. Under the agreement manufactured goods from Zimbabwe, particularly clothing, textiles, footwear, radios and furniture, are given preferential entry into the South African market.

South African officials said last week that Pretoria was "prepared to negotiate" a new deal, but Zimbabwe's Trade Ministry said there had so far been no significant contacts on the issue.

The CZI report said a lapsing of the trade pact would effectively add a 7.5 per cent surcharge on exports to South Africa, Zimbabwe's principal trading partners.

"In many instances it would appear that Zimbabwean exporters are likely to be priced out of the market," it said.

Portugal to help in Zambesi hydro plan

By Diana Smith in Lisbon

THE MOZAMBIQUE Government has asked Portugal to play a key role in the construction of a $600m second stage of the Cabora Bassa hydro-electric scheme on the Zambesi, in spite of the fact that the financial headaches of the trouble-plagued first stage have yet to be resolved.

Senior Mozambique and Portuguese Government officials met in Lisbon for three days last week in an effort to resolve the future of the scheme, which is burdened by $615m in outstanding debt and, at the same time, has been hit by repeated sabotage.

Some 97 per cent of the output of the 2,075MW power station, located in the northern Mozambique province of Tete, is sold to South Africa, because of a contract agreed when Portugal was still the colonial power in Mozambique. However, in 1981 only half the potential output of the plant could be exported because of sabotage in the 900-mile power line by guerrillas belonging to a movement calling itself the Mozambique Resistance.

The problem for Portugal is that it remains responsible for the outstanding foreign loans incurred, but it is losing money on the project, both because of the interruptions in sales, and the low price being paid by the South African Electricity Supply Commission.

Following this week's talks between Sr Walter Marques, the Portuguese Finance Secretary, and Sr Abdul Magid Osman, Mozambique's Energy Secretary, officials of the Cabora Bassa company are likely to make a new trip to Pretoria in an effort to renegotiate Escom's payments.

Honda signs production deal with China group

HONDA MOTOR has signed a technical collaboration agreement with the Jialing Machine Factory in S[illegible] province, China, on [illegible] cycle production, Richard Hanson writes from T[illegible]

FINANCIAL TIMES, published except Sundays and holidays. subscription rates $365.00 per annum. Second Class postage paid at New York, N.Y., and at additional mailing centres.

Lloyd's Bill attacked by former committee member

BY JOHN MOORE

A FORMER senior member of the ruling committee of Lloyd's of London has attacked the Bill in Parliament for improving self-regulation within the insurance market.

Mr Robert Kiln, who resigned from the Lloyd's committee at the end of last year over policy differences and "a lack of openness" over the way the chairman and two deputy chairmen of Lloyd's were elected, has told Mr Peter Green, Lloyd's chairman, that "in my view the Bill as it is is not in the best interests of Lloyd's."

His comments have come just two days ahead of a rare internal by-election, to be held this Wednesday, for the vacancy on the committee which he has created. In one of the biggest waves of political in-fighting, just two candidates are running for the election—Mr Ian Posgate, the controversial underwriter, and Mr Peter Daniels.

Mr Kiln's criticisms are that the Bill:

● Gives too much power to the Lloyd's committee and a new ruling council, created by the Bill.

● Does not set out the fundamental principles of the relationship between the council and the members of Lloyd's.

● Is wrong to require mandatory sales of Lloyd's insurance brokers' shareholding links with underwriting management agency companies—the groups which run underwriting syndicates.

● Should not require segregated electorates for future elections to the ruling council.

On the proposed segregated elections to the council, Mr Kiln, who heads a leading independent Lloyd's underwriting agency, feels it is wrong, as proposed by the Bill, that only working members of Lloyd's will be able to vote for other working members on the new council. Non-working members, who account for about three-quarters of the 20,000 membership, will be able to vote only for non-working members on the council. He believes all Lloyd's members should be able to vote for both classes of members in a single selection.

In the election for the Kiln vacancy, Mr Ian Posgate, who underwrites for the largest syndicate at Lloyd's, is running against Mr Peter Daniels, managing director of Lambert Brothers (Underwriting Agencies).

Co-op Bank and Society in dispute

BY WILLIAM HALL, BANKING CORRESPONDENT

CUSTOMERS of the Co-operative Bank in Ilkeston, Derbyshire, could soon be without any local banking facilities, following a dispute between the local retail co-operative society and the Manchester-based bank.

The local Co-op, which operates one of the bank's Handybanks in its store, intended to introduce today a 30p charge for customers cashing cheques outside normal banking hours.

The Co-operative Bank, therefore, has withdrawn the society's agency agreement to operate a Handybank, taken down the bank's sign, and plans to remove bank stationery.

The local Co-op says the bank does not pay it enough to offer full banking facilities outside normal banking hours. It intended to recoup some costs by imposing a charge.

The banks pays Ilkeston Co-op 4p for every cheque cashed and £1.50 per £1,000 of turnover. The local society employs four cashiers and a banking supervisor. It says the Co-op Bank commission paid does not cover wages for one cashier.

It says it cashes 6,000 cheques a week and provides facilities for 1,000 Co-op bank customers in Ilkestone.

The society has 34,000 members in the area and feels these are subsidising provision of banking facilities.

The Co-operative Bank is one of the smallest and most aggressive banks in the retail banking market. Although it has only about 70 branches, it has effective national coverage through its network of 1,000 in-store Handybanks in Co-op stores.

In addition to providing standard facilities they stay open in normal shopping hours, whereas clearing banks' branches close in the early afternoon.

State industry borrowing proposal

BY DAVID MARSH

A NOVEL way to increase capital investment by nationalised industries without imposing extra burden on public borrowing has been suggested by the Institute of Directors.

In a paper put to the Treasury the institute proposes nationalised industries be allowed to borrow from the public through issues of securities which are only partially guaranteed by the Government.

Extra money borrowed could be used to boost their spending on capital investment projects. It says British Telecom would be an appropriate candidate for such borrowing.

By lowering the Government guarantee from the 100 per cent conventionally in force on such loans, the institute argues, nationalised industries could borrow more without adding to the public sector borrowing requirement, which might even be reduced.

For example, the Government could guarantee a £100 stock only up to £70. This would entail a partial disclaimer of Government responsibility for repayment.

The non-guaranteed portion of the borrowing would be excluded from the public sector borrowing requirement.

Privatisation of nationalised industries — private financing through partially guaranteed securities; Institute of Directors, 116, Pall Mall, London, SW1; free.

Whitelaw hits at Tory law and order critics

By Our Political Staff

MR WILLIAM WHITELAW, the Home Secretary, tonight criticises some members of the Conservative Party for seeking quick and easy—and unworkable — solutions on law and order issues.

Speaking on the Tyne Tees programme "Briefing," which is to be broadcast tonight, Mr Whitelaw also confirms his intention of bringing proposals before Parliament in the next few months to amend the existing police complaints procedure.

Mr Whitelaw explained why he looked unhappy after the Tory Party conference debate on law and order in October when he was heckled by some in the audience. "What I felt distressed about was that on television my own party were trying to act with slogans in an area which does not permit the use of slogans.

"They were taking easy solutions in an area which requires a great deal of hard work from a great many sensitive and sensible people right throughout the law and order services. They (the problems) about capital punishment and corporal punishment.

"Those are just slogans and they won't solve the complex problems in themselves and can't."

Regarding the existing police complaints procedure, Mr Whitelaw says "we have all got it wrong and we have got to change it." He feels that the present system is "far too bureaucratic" and says he is working "towards a system with some independence for the most serious cases while minor cases could be handled by old-fashioned conciliation."

He says he will try to get "the maximum amount of agreement" within the next few months, and put "proposals to Parliament giving the best deal we can get with all the conflicting pressures."

Mr Whitelaw concedes that one of the present problems is that young policemen are put on the streets with too little experience of how to talk to people.

"It is not easy, particularly when confronted with some rowdy mob, to be nice to them and try to reason with them."

De Lorean onto three-day week amid talks on credit guarantees

BY JOHN GRIFFITHS

DE LOREAN'S Belfast car assembly plant starts three-day working today while negotiations continue with the Export Credits Guarantee Department for a $60m to $70m (£31m to £36m) credit guarantee line to ease working capital and cash flow problems.

Negotiations on such a guarantee—the lack of which is *described by Mr John de Lorean*, the sports car company's chairman, as "the biggest problem *facing the company*"—are understood to have reached a critical stage.

Mr De Lorean yesterday denied that, following the indefinite postponement of last week's planned $12m share issue in the U.S., he was seeking to sell off the company, for which the UK Government has put up nearly £80m in loans, grants, equity and bank guarantees.

He confirmed, however, that De Lorean would continue to seek further private investment, possibly through a partnership.

The Government would welcome such a move, subject to satisfying itself about the bona fides of any partner. It has been an integral part of the agreement signed in 1978 that De Lorean would use its best endeavours to bring further private financing into the operation.

While the decision to halve car output immediately from 400 to 200 a week is attributed partly to the Sealink ferry strike which is holding up component deliveries, there are two more fundamental reasons.

The first is a fierce recession in the U.S. new car market — the worst for many years — which has rendered De Lorean's first year forecast of 20,000 sales optimistic. The second is the current constraint on De Lorean's export financing.

This is currently carried out under a private arrangement at commercial rates with Bank of Ameica and is operated on a $30m ceiling.

An ECGD guarantee arrangement holds out the advantage of both the prospective higher ceiling and interest rate subsidies under which export finance can be obtained at a *slight* margin over base rate.

With it, De Lorean believe it *should be able to survive* until the expected U.S. car market upturn in the spring

EEC jobless 'will hit 13m by 1985'

BY DAVID MARSH

DEPRESSED economic growth and the large number of young people coming on to the labour market will ensure that unemployment in EEC countries will continue to rise well into the 1980s, according to a gloomy Cambridge University report on the outlook for the Community.

By 1985, 13m people, or 12 per cent of the labour force, could be out of work in the EEC. *The report—from the* Department of Applied Economics—says unemployment could rise to 15 per cent or more in the worst affected countries—the UK, Belgium and Ireland.

The report argues that EEC governments have exacerbated the recession by adopting the wrong approach to the increased cost of fuel imports. Instead of allowing oil prices to rise sufficiently to stimulate effective action to ease energy shortages, they have held down demand for oil by adopting restrictive polices to curb growth.

The report is pessimistic about the chances of economic recovery. This would require, it says:

● High government borrowing *as the necessary counterpart* to surpluses in the Organisation of Petroleum Exporting Countries;

● Increases in the price of oil to encourage new energy supplies and fuel savings;

● Much more aid to low-income countries worst hit by the oil price rise.

Even if energy problems could be overcome and export markets started to expand again, the problems of uneven economic development within the Community would remain.

The UK, in particular, could secure a marked improvement simply by reversing present Government policies, which have caused industrial collapse, the report says. But Britain faces strict limits on how far it can pursue expansionary policies or *improve* its trade performance through devaluation or other means. This is because of the likely reactions of other EEC governments and the inflationary repercussions of exchange rate depreciation.

Cambridge Economic Policy Review: Gower Publishing Co., Gower House, Croft Road, Aldershot, Hants GU11 3HR, £8.

More distribution business failures

FINANCIAL TIMES REPORTER

BUSINESS failures last year in retail and wholesale distribution were 27 per cent up on 1980, according to Trade Indemnity, the credit insurance company.

In the furniture and upholstery trades they rose 17 per cent. In contrast the increase in failures in textile and clothing businesses and in engineering and metals, at 7.4 and 7.1 per cent respectively, was well below the 16 per cent average increase for all sectors.

Trade Indemnity suggests a clearer picture of the severity of the recession emerges from comparing the number of notified failures in 1979 against those for 1981.

In that case, engineering and metals shows a 130 per cent jump, textile and clothing 129 per cent, retail and wholesale *distribution* 124 per cent and furniture and upholstery 110 per cent.

"These latter two sectors felt the effects of recession later and more gradually than the staple manufacturing industries so the 1981 figures reflect a catching-up.

"Unfortunately, for the furniture sector (which weathered the first part of the recession better than most other sectors), it looks likely that the catching-up process will continue.

"The last quarter of 1981 shows a 42 per cent increase in failures compared with the same quarter of 1980," Trade Indemnity says.

Prizes of £150,000 for small businesses

By Tim Dickson

A COMPETITION with one of the biggest-ever pots of prize money for smaller businesses is launched today by Hill Samuel, the UK merchant banking, insurance and shipping group.

To mark its 150th anniversary Hill Samuel is providing £150,000 in a number of incentive awards to encouraged the growth of small manufacturing companies.

The awards will take the form of unconditional cash contributions to the capital of businesses that can demonstrate the best growth potential, technical innovation, management skills and how the impact of the prize money would accelerate expansion.

The winning company will receive £50,000 with the remainder distributed among four others at the discretion of the judges.

The panel will be headed by Sir Michael Ewardes, chairman of BL, and will include Mr Ian Hay Davison, managing partner of accountants Arthur Anderson; Sir Ernest Harrison, chairman of Racal; Mr John Raisman, chairman of Shell UK; and Sir Graham Wilkins, chairman of the Beecham Group.

"We thought it would be appropriate to mark our 150th anniversary in the City with an incentive award that we hope may bring out and spotlight the business talent so necessary to industrial recovery." Sir Robert Clark, chairman of Hill Samuel and a member of the judging panel, said yesterday.

To be eligible for the award a company must be in manufacturing, independent, British, at least two years old and have an annual turnover of less than £2m.

The awards are being organised with the assistance of the London Enterprise Agency and its regional counterparts.

Application forms are available from Hill Samuel Group, "Anniversary Awards," 100 Wood Street, London EC2P A2J, or any of the enterprise agencies. Closing date is March 31, and the results will be announced on October 27.

Men and Matters, Page 18

Helicopter manufacturers forecast expanding market in company sales despite recession

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

THE MARKET for company-owned helicopters for executive use in the UK is growing despite the recession.

According to Mr Robin Keith, managing director of McAlpine Helicopter, one of the biggest helicopter operators and distributors in the country, this expansion is likely to continue during the coming year.

"Operators and distributors like ourselves have been waging a major campaign over the past few years to demonstrate that today's helicopter, applied to the company inventory in much the same way as any item of capital investment, can really demonstrate its value.

"We now have companies operating one or more helicopters who achieve utilisation figures unheard of several years ago, and for whom their helicopters are an indispensable part of their efficient operating pattern," he said at the weekend.

Civil Aviation Authority figures show 558 civil helicopters on the UK register, a rise of 38 over the previous two years. Most of these are owned by companies.

In the U.S., the use of helicopters by companies is growing at about 30 per cent a year, and out of the top 1,000 companies in the Fortune magazine list, 12.8 per cent of all organisations owning aircraft included helicopters in their fleets.

McAlpine Helicopters last year achieved sales of £3.5m, its best performance, and is now negotiating further orders, especially for the French-built AS-350B Squirrel single-engined aircraft and the Dauphin SA-365N 6-8 seat twin-engined helicopter.

Westland Helicopters last week delivered the first of a new breed of civil helicopters, the 16-passenger W-30, to British Airways Helicopters, which may eventually buy a fleet of up to 20.

The introduction of the experimental City Helistop, on a floating platform on the Thames at Trigg Lane, close to Southwark Bridge, has improved helicopter facilities for City businessmen.

Mr Keith says flying time to the central Paris heliport at Issy-Les-Molineux is about 1 hour 20 minutes, with no check-in delays and minimum Customs formalities — "a figure not achieved by any other form of travel."

The Trigg Lane Helistop is being run under the auspices of the British Helicopter Advisory Board, which represents manufacturers, operators and distributors, and is intended to promote and exploit rotary-winged aircraft.

Rolls-Royce cuts 480 jobs at Hillington

By Mark Meredith, Scottish Correspondent

ROLLS-ROYCE is to cut 480 jobs at its Hillington plant near Glasgow, it told union representatives at the weekend.

The Hillington works, which has a workforce of 6,000, makes components for Rolls-Royce aero engines, including the RB-211. The company blamed the general recession in the aircraft industry for its decision.

It said 380 shop floor and 120 staff workers would be required to leave. The company hoped to achieve these reductions by voluntary redundancies.

The cuts, which come on top of 500 jobs lost last year in Rolls-Royce's Scottish group, had nothing to do with a four-week dispute late last year over new work schedules.

Rolls-Royce's other Scottish plant, at East Kilbride, which overhaul aircraft engines, is not affected.

Mr Tom Dougan, regional organiser for the Engineering Workers Union, said the Rolls-Royce workers would get union backing if they wanted to save their jobs. Voluntary redundancies were the same as compulsory redundances when there were no other jobs to go to, he said.

Rolls-Royce has been hit by Lockheed's decision to stop building TriStar airliners, which are powered by the RB-211.

Industrial training plans face a union hurdle

BY ALAN PIKE

THE GOVERNMENT will discover this month whether it has been able to retain the trade union support crucial to its hopes of successfully reforming industrial training.

Engineering employers and union leaders will meet on Thursday for talks which will help determine the prospects for reform in the engineering industry where a restructuring of the apprenticeship system is proposed.

The following week the TUC's employment policy and organisation committee will consider the Government proposals as a whole.

Mr Bill Keys, the committee's chairman and a member of the Manpower Services Commission, has warned that the committee would have to consider whether the TUC should withdraw its support from the Government's entire New Training Initiative.

Union leaders have until now endorsed the central objectives of the initiative—to reform apprenticeship and adult training and to introduce a new approach to vocational preparation—even though their achievement in some industries will involve industrial relations complications.

They have been angered by Government decisions to abolish 16 of the 23 statutory industrial training boards and set training allowances for young people at about £15 per week.

Mr Keys said Mr Norman Tebbit, the Employment Secretary, had stolen some good ideas from the MSC's proposals for reforming training and "introduced his own prejudiced thinking" into them.

The Government had failed to explain how, without statutory underpinning, sufficient resources would be found to run an effective training system. Its approach to allowances for youth training was unjustifiable.

There is some concern among employers that union leaders may withdraw their support from the New Training Initiative.

Thus Mr Ian Kelsall, director for Wales of the Confederation of British Industry, has said the Wales TUC seemed set on withholding its co-operation. He appealed to union leaders to stop and think before opposing the proposals.

Quite apart from decisions taken by the TUC later in the month, Thursday's meeting between the Engineering Employers Federation and the Confederation of Shipbuilding and Engineering Unions will be of particular importance.

Engineering is a vital testing ground for training reform—it has suffered some of the most marked shortages of skilled workers during previous periods of economic upturn and apprentice intake this year is the lowest on record.

Previous attempts to restructure engineering apprenticeships on the basis of standards rather than time-service, as proposed again in the New Training Initiative, have been unsuccessful.

Recent efforts by employers to reopen talks on the subject have been hampered by union anger over the abolition of statutory training boards, even though the Engineering Industry Training Board is one of those being retained.

Engineering employers have told training board officials that, with the industry destined to meet the full costs of the board, they want it to concentrate on basic-skill training and withdraw from activities like management training.

360 years of coal reserves left–NCB

By Martin Dickson, Energy Correspondent

THE National Coal Board has issued a fresh broadside in a long-standing dispute over Britain's coal supplies with a declaration that the UK probably possesses 45bn tonnes of recoverable reserves. That is the equivalent of 360 years' production at current rates.

The estimate comes from Mr Ken Moses, who until recently was in charge of the NCB's development of major new mines. Writing in Coal and Energy Quarterly, he says NCB geologists estimate that Britain contains some 190bn tonnes of "coal in place" coal actually in the ground.

He adds that it would be reasonable to expect that 45bn tonnes of that could be recovered over time—provided the mining engineer was not denied access to attractive areas of coal.

The 45bn figure has been used by the NCB for several years. But it has been attacked by some other energy analysts as presenting an over-optimistic picture of the UK's self-sufficiency. The critics have argued that many of these reserves will not be economic to exploit.

Mr Moses acknowledges that coal is worth recovering only if customers can afford to pay for it. But he expects that the lower cost of new mines will mean that the average tonne of UK coal will still be able to "command a market."

He argues that much of the argument over the accuracy of the 45bn tonne figure is "somewhat irrelevant. Certainly there is no serious dispute that the UK contains vast quantities of coal in place, and that UK mining engineers are demonstrating that, with present British technology, recovery in the technical sense is not a problem."

He says Britain's operating reserves—coal classified in detail by NCB geologists—amount to 7bn tonnes and are sufficient to sustain current production for 50 years.

● Britain should take a fresh look at the possibility of exporting as to the Continent, which is becoming heavily dependent on the Soviet Union and Algeria for its supplies, according to Dr Nigel Lucas, lecturer in energy policy at Imperial College, London.

Writing in the Coal and Energy Quarterly, he says: "British gas policy has never been conceived with Europe in mind and a reappraisal should be undertaken."

Amersham International to come on to the market shortly

David Fishlock looks at a rare chance to invest in the nuclear business.

AMERSHAM INTERNATIONAL, the oldest component of Britain's nuclear industry, comes on to the market shortly following the Government announcement just before Christmas that the company's shares were to be made available to the public through a flotation on the Stock Exchange.

Since then it has been agreed that a 15 per cent limit will be set on any individual shareholding. This is the same figure set for British Aerospace. It is intended to protect Amersham against takeover attempts by large chemical or pharmaceutical groups at home or overseas.

The Amersham board believed such attempts could harm its long-term interests.

The company has already attracted interest from large companies since news of the flotation, a fact it used to persuade the Government to agree to the limit. It also cited the takeover last autumn of a U.S. rival in radioactive products, New England Nuclear, by DuPont. As an additional precaution a single share with special powers of veto will be retained by the Government.

Formerly the Radiochemical Centre, Amersham, makes and markets packages of radioactivity, mostly weak but some as deadly as spent nuclear fuel.

"It's a high-technology growth industry essentially linked to the top end of the medical market," says Sir John Hill, its chairman. The medical sector of the business is growing at a rate of about 20 per cent a year.

At what it calls the heavy end of its business Amersham supplies such highly-active substances as cobalt-60, for irradiation, and neutron triggers, for starting nuclear reactors.

Amersham began in 1940 as a private company called Thorium, in the Buckinghamshire town of Amersham, making luminescent paints for tank and aircraft instrument-panels throughout the Second World War. After the war it began selling radium to hospitals for cancer treatment.

"The company has been very commercially oriented from the beginning," Sir John says. It was founded by a chemist, Dr Pat Grove, who ran it until retirement in 1979.

The possibility that some day it might return to the private sector has been discussed seriously since the early 1960s. In 1964 the UK Atomic Energy Authority put it under its trading fund, and made it self-accounting. "We did that for a few years to make sure that it could stand on its own feet," Sir John says.

In 1971 it became the Radiochemical Centre, which until last October was a wholly-owned subsidiary of the UK AEA. Over the past decade it has grown at about 10 per cent a year to reach sales of £48.5m in 1980-81, with pre-tax profits of £4.1m.

It has been a profitable venture ever since it was made self-accounting. With about 80 per cent of its sales exported, however, Amersham is vulnerable to fluctuating exchange rates. These, says Sir John, have set back its profits for the past two years. This year should, however, be better.

For the public, the Government's decision to make its shares generally available provides a rare chance to invest in a British company wholly engaged in nuclear business.

As the Government sees it there is no reason for it to control the company. "It's not a sensitive company in the way British Nuclear Fuels is, or a defence company in the way British Aerospace is," Sir John says.

Amersham has established close links with the research centres of all major drug companies and regards these links as vital to a company operating at the frontiers of medical science. "If one gained control access to the others would cease. The free flow of information, we're dead," says Dr Stuart Burgess, managing director.

Amersham salesmen tend to be scientists, able to discuss the nuances of sophisticated products and the needs of customers.

This symbiosis between sales and research drew the company deep into the development of diagnostic kits in the 1970s. More than half Amersham's sales are in this sector.

Amersham's business parallels the biotechnology companies which sprang up in the 1970s, mainly to exploit genetic engineering. It believes genetic engineering must open outlets for radio-chemicals. Dr Burgess has set up a research group in this area.

Genetic engineering, however, also poses a threat to sectors of Amersham's medical business. One of the most promising targets of biotechnology is the diagnosis of disease using monoclonal antibodies, one of the first fruits of genetic engineering.

Agents doubt short-term investment in property

BY MICHAEL CASSELL

A REPORT casting doubts on short-term attractions of commercial property as an investment option is published today by Richard Ellis, the estate agents and surveyors.

Ellis says that, after a year of falling tenant demand for all types of properties, the reduced level of market activity is expected to persist until economic conditions improve. It believes that this is unlikely before the autumn. In the meantime, available commercial floorspace will continue to increase, especially in non-prime locations.

The agents say that a number of property investments must now be considered expensive when set against the prospects for rental growth over the next 12 months, and when compared to other forms of investment.

But the report emphasises that, if prime property can now be generally considered as too expensive, it may in the past have been too cheap and is only now achieving "an appropriate degree of parity."

It continues: "One sector of the overall investment market cannot be expected to out-perform all others in perpetuity, and this seems likely to be the case for property in the short-term. With positive 'real' rates continuing in financial markets, both gilts and equities are likely to produce better results than property at its present yield levels over the next years".

Ellis predicts that as a result, the property investment market will be "subdued rather than depressed" in 1982.

The agents suggest that prime property yields, now at historically low levels, could ease marginally in the months ahead. The opportunities to purchase suitable investments remain insufficient to absorb the weight of money overhanging the market and any capital appreciation will therefore be provided by rental growth.

United Kingdom Property. Richard Ellis, 64 Cornhill, London EC3.

Resignation withdrawn

BY OUR BELFAST CORRESPONDENT

MR ALAN WRIGHT, chairman of the Northern Ireland Police Federation—representing ranks below superintendent in the Royal Ulster Constabulary—has withdrawn the resignation which he tendered last week because of "political interference" in the federation's activities.

His decision represents a setback to hardline supporters of loyalist leader Ian Paisley who were seen to be using the federation to undermine the position of Sir John Hermon, the RUC Chief Constable.

Mr Wright decided to stay on after the federation's central committee unanimously passed a vote of confidence in him at a specially convened meeting on Saturday.

The committee said the whole RUC felt that Mr Wright should return to the job he had held for six years.

He had resigned last Monday saying he would not allow the RUC or the Chief Constable to be discredited. This followed the leaking by Mr Paisley of Minutes of a controversial federation meeting.

Name unchanged

TALBOT is to retain the name Samba for its new small car in the UK, despite fears that it might be seized on as having racialist connotations. The car, designed in Britain but built in France, is to be launched in Britain next month.

It is sold as the Samba on the Continent, but at the time of its launch there last October Talbot UK said a different name would be found for it in Britain.

BL prices rise

BL HAS followed the recent example of Ford and Vauxhall by giving advance notice of car price increases to stimulate sales during a period when demand is usually low.

The group says prices of the Metro, the Mini and the Acclaim will go up by about 4 per cent in mid-February. However, prices of the Rover saloons and the Ital are to go up by a similar amount immediately. There are no changes to the prices for the Allegro, Princess, Maxi, MG or Triumph.

Ford faces pay test as Halewood workers vote to end strike

BY JOHN LLOYD, LABOUR CORRESPONDENT

WORKERS at Ford's Halewood plant, on Merseyside, yesterday voted by a large majority to return to work today, ending a four-day unofficial strike at a cost estimated by the company to be around £16m.

About half of the plant's 10,000-strong workforce met on a Liverpool football pitch, and decided to end their stoppage after shop stewards "reluctantly" recommended acceptance of a 7.4 per cent pay offer. The offer had received majority backing from the company's 54,000 workers in the UK in a ballot last week.

At the smaller axle plant in Swansea, workers who had also taken industrial action did not meet because of the weather. However, they are expected to return to work today.

Workers and stewards expressed loud disappointment over the settlement and it is clear that the productivity package, which has been agreed by the union officials at national level, faces a number of tests at plant level in the months ahead.

Mr Steve Broadhead, body plant convener at Halewood, said after the meeting: "We still believe that this was a diabolical pay offer. We are going back because we will not leave our people out on a limb.

"What we have got to do now is wait and see what is the company's interpretation of it. We will impress upon them that they need a consensus of opinion from the shop floor."

Union officials and management meet in London tomorrow, to formally record agreement and discuss details of the productivity package.

The two crucial elements in the package are the company's call for an end to inefficient demarcation practices, and to local agreements which obstructed necessary change.

The unions have agreed to plant-level talks on both these issues, although the company in the course of the prolonged negotiations had to agree to drop incentive or penalty clauses which sought to impose a discipline upon the productivity package.

The company has stressed continually that a successful implementation of the efficiency proposals is essential for its "survival." Clearly, the present agreement leaves much to the discretion of negotiators on both sides; while the relative closeness of the aggregate vote to accept the offer, coupled with the disaffection of large plants like Halewood, could endanger its success.

Threat to halt papers

BY OUR LABOUR CORRESPONDENT

JOURNALISTS working for the Express Group intend to atop publication of its newspapers from Wednesday night if they do not receive assurances from the group's owner, Trafalgar House, that their jobs are safe.

The group's two daily papers, the Daily Express and the Daily Star, and its Sunday paper, the Sunday Express, are all threatened.

However, the Evening Standard, which the group owns jointly with Associated Newspapers, will not be affected.

The journalists are concerned that the "demerge" of the group from Trafalgar House, which will be put to Trafalgar shareholders for their approval on January 21, will result in the sale or closure of some of the papers. It is understood that the Daily Star is losing about £1m a month, although the journalists believe the Daily Express is breaking even and the Sunday Express is still in profit.

Mr Peter Shirley, father of the Sunday and Daily Express chapels (office branches) in London, of the National Union of Journalists, said last night: "We will continue a mandatory chapel meeting from four on Wednesday until we get satisfactory assurances.

"We see this very much as a last chance—after January 21 the demerger will have taken place."

Mr Shirley said it would be impossible for the newspapers' management to produce the papers without the co-operation of the NUJ.

Sirs steeled for hard fight to stop jobs rundown

BRIAN GROOM explains why the ISTC leadership is taking a lone stand against BSC's plans for another 15,000 redundancies

TWO YEARS after a bitter, 13-week national strike over pay, one of Britain's most moderate-led unions — the Iron and Steel Trades Confederation — is again on a collision course with the loss-making British Steel Corporation.

Unions representing nearly half of BSC's 107,000 workforce have accepted that there will be no national pay award — due on January 1. They will negotiate increases in lump-sum bonus schemes locally, in return for productivity measures — including a new round of 15,000 jobs cuts by March 31, 1983. Some local deals have been signed already.

But the ISTC, the biggest union within BSC, has called on members to ban overtime from February 7 — an act of lone definance.

By that time the miners may be on strike. If the British Rail productivity dispute is still rumbling on, there will be trouble in all of the industries covered by the triple alliance of coal, steel and rail unions.

Mr Bill Sirs, ISTC general secretary, has no intention of invoking the formal alliance—which is essentially to act over closures—but there are strong links between these groups of workers in areas such as Yorkshire and Scotland. Simultaneous disputes in the three industries could prove a heady brew.

> 'BSC has warned that action would threaten its fragile recovery and plants closed are not certain to reopen'

What has stirred the ISTC to action? There is not one reason, but several:

● The 15,000 planned job losses emphasise the continuing haemorrhage which has seen more than 120,000 jobs go since 1973, three-fifths of them in the last two years. The union fears still more redundancies after BSC achieves its planned 92,400 job level by March 1983.

● The ISTC claims that proposed local productivity deals represent "an attack on job control" by stretching manning to breaking point, loosening demarcation lines, introducing more overtime, and demanding the surrender of union rights on many issues.

● The union believes BSC has reneged on a commitment to introduce a 39-hour week from this month. The corporation has offered the one-hour cut from January, 1983.

● The ISTC became incensed before Christmas about the prospect of new redundancies taking place at Port Talbot before it had agreed to the local negotiations.

Although ISTC leaders are displeased by the lack of a national pay deal, it is not the central issue. Nor is the level of pay rises—probably equivalent to about 5 per cent—which might result from the local deals, although the union has demanded that at least 50 per cent of the money be paid on basic rates so that there is some permanent benefit.

There seems a greater will than hitherto to resist job losses. But most of all, these factors together have built up massive frustration at the union's apparent inability to stem what it feels to be a relentless tide of bad news.

The ISTC executive is so confident its call for an overtime ban will be obeyed that it has taken no decision on disciplinary action against members who disobey.

Several factors can be cited to justify its optimism: representatives from areas like Scotland and the Midlands have reported great anger; steel workers showed unity and strength of purpose during the 13-week strike; there is a strand of political militancy in the ISTC, despite its moderate leadership—as evinced by new changes in the executive which have pushed it leftwards and by a number of calls for a strike; and finally, after heavy redundancies, many of the workers left do not want to lose their jobs now without a fight.

BSC managers, however, predict difficulties for the ISTC in persuading members to forego overtime earnings. They suspect that February 7 date has been set because the union needs the delay to win over its members.

An overtime ban may prove harder to unite around than a strike as greater sacrifice will be demanded from some workers than from others and there will be nothing to match the comradeship of the picket line.

There may be the problem that the length of time taken to call the ban could be seen as uncertain leadership. And fear of closure will weigh on members' minds at some plants.

BSC has said that even partial support for the ban would threaten its fragile recovery in orders. Total support would pose severe difficulties at some works and BSC has given no guarantee that plants would reopen if they closed.

> 'More than 120,000 steel jobs have gone since 1973 . . . and the ISTC fears still more'

Mr Sirs argues that the action is not intended to disrupt but to force BSC to take on workers. He would like to save and create jobs by continuing indefinitely without overtime.

"At Corby, 24 per cent overtime is being worked, while thousands of our members are walking the streets."

Disruption is the aim of many ISTC members, however. There has been pressure for lightning stoppages, or even an indefinite strike. Some believe the overtime ban could provoke walkouts and escalate into an all-out confrontation—although the union is in no shape to sustain another 13-week strike.

The ban may not happen at all, however. There is time for a peace initiative and some kind of approach is expected from the corporation.

The ISTC, hoping that job losses would be resisted locally, said last month it would agree to local negotiations if it won a 39-hour week now, 50 per cent of rises on basic pay, and withdrawal of Port Talbot dismissal notices.

Movement on one issue may sway the union. But BSC has refused to budge. It is convinced that further productivity advances are an important part of attempts to end its losses.

Rail drivers set to go ahead with stoppage

By Our Labour Correspondent

THE THREATENED national rail strike looks set to go ahead on Wednesday and Thursday as both British Rail and the train drivers' union Aslef continue to insist on widely-differing interpretations of an agreement over manning and pay.

Aslef's executive meets today to consider attending a meeting of the railway staffs national council, called by the biggest rail union, the National Union of Railwaymen.

The NUR wants to discuss both the 3 per cent increase to drivers—of whom it organises some 500—and the broader issues surrounding BR's productivity proposals.

The NUR, together with the railway staffs union TSSA—has agreed on the package, but has also agreed with Aslef that the 3 per cent should be paid. BR says it will not pay until the drivers at least agree to discuss the principle of flexible rostering.

Sir Peter Parker, BR's chairman, has written to his biggest customers — like the coal and electricity boards, and big chemical and car companies — explaining its stance and asking for their continued custom even if the two-day strike goes ahead.

Talks hopes in ferry row

By Our Labour Correspondent

TALKS between Sealink, BR's ferry subsidiary, and the Merchant Navy and Airline Officers' Association may get underway this week, following an exchange of letters between the company and the union.

A strike by the officers, over the company's plans to make some 100 officers redundant, seriously disrupted the group's ferries. The executive of the National Union of Seamen meets today to consider whether or not to join the action.

It has sent an "urgent message" to Mr David Howell, Transport Secretary, asking him to put pressure on the company to "adopt a more responsible approach

Weather damage bill could reach £100m

BY ERIC SHORT

THE BLIZZARDS sweeping the country and the severe flooding in York, Selby, Gloucester and other areas have brought widespread problems and heartache to many families. The winter, could cost UK insurance companies up to £100m.

Underwriters are still trying to count the cost of December's snowstorms, which has to be included in the companies' 1981 results. Estimates indicate at least £30m, the true cost will not be known until April when the companies publish their 1981 figures.

Underwriters have not bothered to keep a runing total of claim payments since the turn of the year. Until the bad weather ends, they will be much more concerned with ensuring that claims are dealt with promptly.

Comoanies will probably give some indication of overall costs when they publish their 1981 figures, and the final figures will become clear after they announce their half-year results for 1982.

Total claim payments are almost certain to exceed the £65m pay-out for 1978-79 and £100m is quite feasible. It is perheps fortunate that this can be spread over two account years.

But this is not the end of the story for the UK composites. The severe weather has also changed their methods of operating UK business, because it ends the favourable conditions on the account.

On the surface, everything looked bright in the UK, except for liability business, amid the gloom of poor conditions in the other major markets. Fire losses have been running at a much lower level, the number of motor claims has fallen and the industry benefited generally from two successive mild winters in 1979-80 and 1980-81.

The companies are still seeing rapid premium growth, particularly in personal insurance business, because of the indexation of premiums and sums insured.

This favourable claims experience, however, has masked several disturbing underlying features. In particular, there has been little growth in the commercial side of the business because of the recession. In addition, this is a sector with fierce competition from overseas companies.

Expenses have been rising faster than premium incomes. The latest survey from stockbrokers W. Greenwell shows a 2 per cent increase in staff numbers and a 23 per cent rise in the UK salary bill for nine major groups, reflecting the fact that staff have been obtaining salary rises well above the national average.

Non-life premium income rose by only 18 per cent over the same period.

So it has not been surprising to find companies competing heavily with each other for personal business, where premium growth is in line with inflation and there is little competition from overseas.

The composites have used the favourable claims experience to hold down premium rate increases in an effort to increase their market share or to hold what they have.

This competition has been particularly fierce in the private motor market, where companies have been keeping premium rates unchanged for longer periods in the 1970s.

General Accident, the largest motor insurer in the UK, has kept its motor rates unchanged for 18 months.

The effects of this competition can be judged when the composites publish their 1981 results.

But what is certain is that the companies relied on another mild winter keeping claims down, and this calculated gamble has not come off. Now they have to decide whether they can really afford to continue rate-cutting, since unchanged rates in inflationary times means lower rates in real terms.

Policy holders can expect vastly higher premiums in the next few months. If only one or two companies lift their rates to realistic levels the rest will follow.

Stockbrokers Wood, Mackenzie, in their latest circular, are very pessimistic about results for 1981 and now expect a 12 per cent fall in earnings for the industry.

Shareholders can take heart that, despite the weather, Wood, Mackenzie also forecast that results will not affect dividend payments, which they expect to be 14 per cent higher than in 1980.

Search for dental materials

In the first of two articles on dentistry ELAINE WILLIAMS describes why Britain's 20,000 dentists need more money for research into alternative materials. Tomorrow, she reports on the growing role of computers and electronics in the surgery.

Hugh Routledge

PROFESSOR MIKE BRADEN, Professor of Material Science in Dentistry at the London Hospital Medical College measures the thermal properties of a dental material

'The mouth is warm, wet and acid. Conditions there are worse for dental materials than for the steel girders on the Forth Bridge.'

FEARS of a world shortage of mercury which could put up the cost and lower the quality of dental fillings has prompted a call for more Government funds to research new materials.

Only two weeks ago, the British Dental Association, which represents Britain's 20,000 dentists, wrote to Dr Gerard Vaughan, Health Minister, warning of the possible shortage.

It wants more money immediately for alternative dental materials.

Since 1945, most dental fillings for back teeth have been alloys of silver and tin mixed with mercury to form an amalgam. More recently, copper has been added to give extra protection against corrosion.

Apart from supply problems, the toxic nature of mercury makes it a dangerous material for dentists to mix with alloys in their surgery, though it is safe once in the amalgam form. For these reasons alone, other materials are desirable.

Composite

But finding suitable new fillings is difficult. Professor Mike Braden, at the London Hospital's materials research unit said: "The mouth is warm, wet and acid. Conditions there are worse for dental materials than for the steel girders on the Forth Bridge."

There is hope that composite filling materials developed for front teeth could be strengthened for back teeth use.

Composite materials — a combination of plastic and polymeric filler or resin — was developed in the mid-'60s to replace silicate cements then used for front fillings.

The new materials were just as aesthetic but were less brittle and did not stain as did the cement. The drawback for their use for back teeth is that they get worn away by chewing. This is not important at the front of the mouth.

Researchers believe that this problem can be overcome by the addition of stronger plastics and better resins. In the next five years or so, these new composite materials are likely to emerge.

However, even with increased research it is unlikely that British industry will be able to exploit development because there is no major UK dental materials company left.

Professor Braden says: "All the technology for developing new materials is here in the UK, but licences to manufacture new materials developed in Britain go mainly to the U.S., Japan and West Germany.

"We tried working with some of the small UK companies but they just don't have the manufacturing knowhow needed. We have had some very sad experiences with small companies," he said.

Between 70 and 80 per cent of dental materials are imported with major manufacturers including Kerr, Johnson and Johnson, S. S. Whites, Howmedica, and Dentsply in the U.S. and Espe in West Germany.

Dentsply took over AD International, the biggest UK materials manufacturer several years ago and still manufactures in Britain.

But last year the company cut its British research team by half because of financial losses. S. S. Whites also has a manufacturing base in the UK.

Toughness

Recently Professor Braden offered a licence for a new filling material to a Japanese company because he could find no one willing or able to make it in Britain.

In spite of difficulties in exploiting materials development Britain remains a main research centre.

The Department of the Government Chemist, for example, developed a glass ionomer cement, characterised by toughness and transparency, for use on front teeth, which has greater resistance to corrosion than the old silicate cement.

The London Hospital group under the direction of Professor Braden, has developed several new materials ranging from soft plastic dentures for people with sensitive gums to materials for building up damaged jaws.

One of its most recent breakthroughs has been the development of a plastics material which is opaque to X rays.

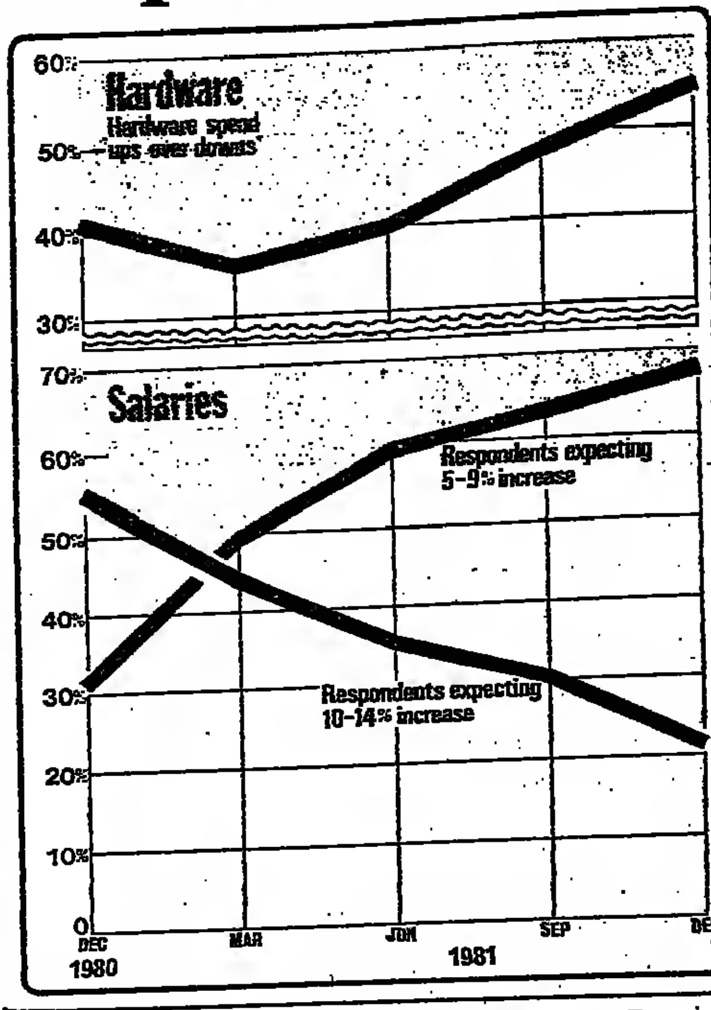
The idea is to make dentures out of the material. So if a person has an accident causing facial damage it would be possible to tell if any fragments of the dentures are embedded in other parts of the body, particularly the lungs. Conventional plastic dentures do not show up on X rays.

But what of gold, the favourite dental filling of the rich? Price has forced researchers to look for other choices although gold's resistance to corrosion is good, as is the ease with which it can be shaped into the cavity.

Metals such as nickel and chrome are popular, though still inferior to gold. In 1980 sales of dental gold worldwide fell from 86 to 61.6 tonnes. West Germany used 25.5 tonnes while Britain could afford only 0.6 tonnes.

Recession could be over for the computer industry

BY ALAN CANE



THE RECESSION could be over for the computer industry if the results of the latest test of opinion among computer users is translated into hard buying decisions.

The test, a survey conducted each quarter by the consultancy Urwick Dynamics and Computing newspaper, indicates that well over half the computer installations in the country expect to increase their spending on computer hardware—computers, peripherals and telecommunications—this year compared with last year.

At the same time last year, a net 41 per cent of computer users expected to spend more on hardware; now the figure has risen to a net 55 per cent confirming a trend towards greater spending intentions noted throughout 1981 (see graph).

Typical comments from those customers intending to spend more were "We are caught up in something we cannot get out of. It is the 'invest more to get the benefits syndrome'"; "Just keeping up means spending more; there was so much pressure here, and we do not have a rubber computer. The budget had to give in the end."

The survey results confirm the impressions of manufacturers who found initially that the recession had little effect on their business as customers bought hardware to improve their efficiency.

As 1981 wore on, however, credit lines became strained and manufacturers found customers cancelling or delaying buying decisions. Even those companies with a stable and specialised market found it difficult to meet their targets in the third quarter.

The Urwick/Computing results indicate that the recession has ended. Computer bureaux, processing and general industries are in the van for spending plans. The engineering industry, heavily hit by the recession, plans, in the main, to stick to constant budgets.

The survey shows that meeting project deadlines is still the area of most concern for data processing managers, with staff recruitment and the maintenance of existing programs a very poor second.

Data processing managers commented: "We are betwixt and between. In the 1960s we imposed technical solutions on the users. In the 1970s, the users told us what they wanted. Now we are trying to work it out together. That is why we cannot meet deadlines—co-operation takes so much time."

Another said "We miss dates because we are ignorant. We do not know how to solve the technical problems any more."

Most programming and systems staff expect rises in the five to nine per cent region next year, the surveys show, indicating an end to the days when data processing staff considered themselves an elite, able to ask their own price for the job.

A typical manager's comment was: "Programmer salaries are subject to the same negotiating procedure as the rest now. Merit might add a couple of points but no more."

The survey is based on questionnaires sent to a panel of 490 data processing managers in a wide spectrum of industries comprising large and small firms.

The full surveys is published in the current issue of Computing. Dr Kit Grindley of Urwick Dynamics (Slough 34111) is the co-ordinator.

Navy TUMS

A DUAL vehicle system for search, identification and recovery of objects from the seabed, to be deployed by the Royal Navy's new seabed operations vessel (SOV), HMS Challenger, is under development by Sperry.

The system is called TUMS (Towed Unmanned Submersible) and consists of two vehicles: an underwater "depressor" is directly towed by the ship by up to six miles of cable and is itself connected to the instrumented vehicle by neutrally buoyant cable.

One of the advantages of the two-bodied arrangement is that the search vehicle is isolated from the surface ship's motion, which is important when working on delicate seabed tasks.

The instrumented vehicle (IV) can also be stowed inside the depressor body, giving protection to the former during initial launch and recovery from the ship. The IV, which can be deployed up to 1,000 feet from the depressor, is powered independently by vertical, lateral and longitudinal thrusters and can also be towed at up to two knots.

The IV, when searching, can employ sideways and forward-looking sonars, low light television, stereoscopic photographic camera systems and a magnetometer (to detect the presence of metallic objects). The craft is also equipped with a manipulator arm allowing it to pick up and deposit items on the seabed.

GEOFFREY CHARLISH

Sampling system for the bakers' dozen

A SAMPLING system which allows bakers to monitor the net weight of loaves, automatically calculates and records the results and can be used by operatives after a few minutes' training has been announced by International Electronics of Ewood Bridge, Haslingden, Lancs. (0706 216594).

Known as "Compupak B" the unit uses a microprocessor-based scale and an 80 column printer. The unit is able to identify size of loaf, deduct tare weight and dessication allowance, monitor over and under-weight samples and provides graphics display and a print out of performance.

Automatic paging for filing of records and warning signals for batch failure or the need for corrective action are other features.

BUSINESSMAN'S DIARY

UK TRADE FAIRS AND EXHIBITIONS

Date	Title	Venue
Current	International Boat Show 1982 (02403 3077) (until Jan 17)	Earls Court
Current	International Toy Fair (01-226 6653) (until Jan 14)	Harrogate
Current	Stationery Industry Exhibition—STATINDEX (01-637 7692) (until Jan 13)	Grosvenor House, W1
Jan 19-22	Which Computer? Show (01-747 3131)	NEC, Birmingham
Jan 20-27	International Hotel and Catering Exhibition—HOTELYMPIA (021-705 6707)	Olympia
Jan 23-30	Ideal Homes, Food, Trades and Leisure Exhibition (0243 687381)	Winter Gardens, Eastbourne
Jan 24-27	Leathergoods, Luggage and Handbag Fair (01-407 1582)	Kensington Exhibition Centre
Jan 30-Feb 3	British Toy and Hobby Fair (01-701 7127)	Earls Court
Feb 1-4	Photography at Work Exhibition (01-688 7788)	Exhibition Centre, Harrogate
Feb 7-11	International Spring Fair—Gifts (01-855 9201)	NEC, Birmingham
Feb 9-12	Information, Technology and Management Exhibition and Conference—INFO '82 (01-647 1001)	Barbican Exhibition Centre
Feb 10-12	Western Building Show (01-643 8040)	Exhibition Centre, Bristol
Feb 10-12	Ceramic Tile Exhibition and Conference—TILEX (01-450 0466)	Wembley Conference Centre
Feb 12-14	Crufts Dog Show (01-493 7838)	Earls Court
Feb 14-17	International Men's and Boy's Wear Exhibition (021 705 6707)	Olympia

OVERSEAS TRADE FAIRS AND EXHIBITIONS

Jan 11-14	Middle East Food and Equipment Show—MEFEX (01-486 1951)	Bahrain
Jan 14-25	Boat Show (01-439 3964)	Paris
Jan 19-22	Europipe '82—Construction and Maintenance of Pipelines Exhibition and Conference (0727 63213)	Basle
Jan 22-31	International Commercial Motor Show (02298 11 11)	Geneva
Jan 24-28	Middle East Construction Exbn. and Conference (01-935 8200)	Dubai
Jan 25-31	Do-it-yourself exhibition—KARWEI (01-486 1951)	Utrecht
Jan 29-31	International Boat Show (01-486 1951)	Malmo
Feb 5-14	International Boat Show (01-486 1951)	Helsinki
Feb 9-18	Equipment and apparatus for drug production and testing exhibitioo (01-235 2423)	Moscow
Feb 10-13	International Trade Fair for Household Appliances, Fittings and components—DOMOTECHNICA (01-409 0956)	Cologne
Feb 13-16	International Trada Fair for Watches, Jewellery and Silverware—INHORGENTA (01-486 1951)	Munich
Feb 13-16	Science and Technology Exhibition (SATEX) (01-773 0938)	Riyadh
Feb 15-18	Middle East Machine Maintenance, Light Engineering and Handling Show—MEM (01-486 1951)	Bahrain

BUSINESS AND MANAGEMENT CONFERENCES

Jan 11-12	Institute of Persnnnel Management: The Secretary in Personnel Management (01-946 9100)	Whites Hotel, W2
Jan 11-13	The University of Leeds: Textile design in the eighties conference (0532 35036)	Leeds
Jan 19	CBI: Jordan—the new 5 year Development Plan (1981-86) (01-379 7400)	Centre Point, WC1
Jan 19-21	Crown Eagle Communications: UK Government Contracts (01-636 0617)	Churchill Hotel, W1
Jan 20-21	FT Conference: World Coal Markets (01-621 1355)	Inter, Continental Hotel, W1
Jan 21-22	The Economist: Enrope and Japan—Competition, Collaboration nr Confrontation in the 1980's? (01-839 7000)	Europa Hotel, W1
Jan 25-29	London Business School: Management within the law (01-262 5050)	Regents Park, NW1
Jan 25-29	Manchester Business School: Tha Micro-chip Society—planning for the future (061-832 7972)	Selsdon Park
Jan 26	ESC: Pricing for profit (057282 2711)	International Hotel, SW5
Jan 27-29	ESOMAR/EFMA: How research can help financial organisations communicate internally and externally (01-251 4549)	Rome
Jan 27-28	Meridian Conferences: Capitalise on Communications (01-670 5400)	Bowater Conference Centre, Knightsbridge
Jan 28	Dun and Bradstreet: More Effective Collection Techniques for Credit Controllers and Supervisors (01-247 4377)	Café Royal, W1
Jan 28	Marketing Society: Media—The Inside Track (01-543 5191)	Piccadilly, W1
Fab 1-2	Metal Bulletin Congresses: Middle East Metals and Minerals (01-633 0525)	Dubai
Feb 2	Oyez: Company Finance for the Executive Secretary (01-242 2481)	Portman Hotel, W1
Feb 3-4	FT Conference: The Seventh Pensions Conference (01-621 1355)	Grosvenor House, W1

Anyone wishing to attend any of the above events is advised to telephone the organisers to ensure that there has been no change in the details published.

The first wide-body jet under $35,000,000. In fact, under $10,000,000.*

It is an immutable law of air travel that, after a couple of hours or so, the joy of flying will inevitably take second place to the need for stretching.

Yet the typical corporate aircraft remains the same cramped and narrow tube it always was.

Capable, by the end of a six- or eight-hour trip, of transforming an alert and motivated group of executives into a motley collection of people who just want to lie down.

The designers and engineers at Canadair are, of course, as familiar with this state of affairs as are any of their competitors.

However, unlike any of their competitors, they have created a corporate jet specifically designed to cope with it.

Despite its remarkably efficient rate of fuel consumption and high cruise speed, the Canadair Challenger is bigger than every other corporate jet in the one dimension most critical to passenger comfort and a realistic working environment.

Width.

Specifically, the Challenger offers a passenger cabin seven feet, two inches wide at the floor line and *eight feet, two inches* wide at the centerline.

You can stretch your arms. Stretch your legs.

Stand up. Walk *around.*

And while other corporate jets offer six feet, one inch of headroom like the Challenger, none offers as much headroom *away from the center of the cabin*— another advantage of width.

Of course, there are other dimensions to comfort in the Challenger. The twenty-eight-foot, three-inch length of the interior, for one. Allowing plenty of room for a galley, a wardrobe, a lavatory and seats that fold out as berths for sleeping.

The floor of the Challenger, incidentally, is flat. No troughs to fall into when you get out of an aisle seat.

The baggage area is accessible from *inside* the passenger cabin. When it occurs to you that you left that all-important whatever-it-was in your suitcase, you won't have to wait six hours to get at it.

As for those who would willingly sacrifice creature comfort in return for greater economy, we can only say that such altruism is entirely misplaced.

The Canadair Challenger happens not only to be the most comfortable corporate aircraft in the sky, but, given its size, the most economical.

In fact, the Challenger is virtually as fuel efficient as some smaller corporate jets with shorter range.

And speaking of range. The IFR range of the Canadair Challenger makes it one of the few corporate jets in existence that can cross the Pacific with one stop.

Or fly from New York to the Middle East with one stop.

Or fly from Honolulu to Denver non-stop.

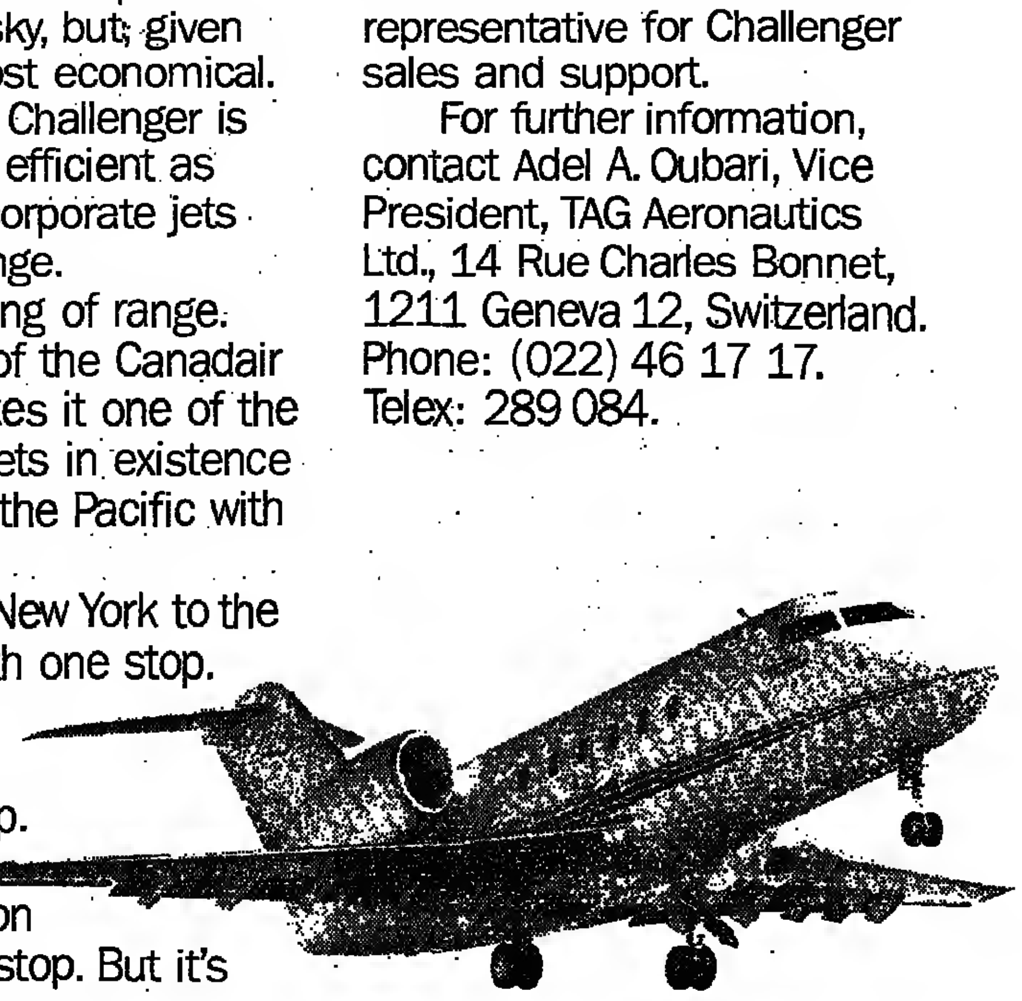
Or from Washington to London non-stop. But it's not just how far you can go.

It's the shape you're in once you get there.

For more information on the Challenger, call James B. Taylor, President of Canadair Inc., at (203) 226-1581. Or write Canadair Inc., 274 Riverside Avenue, Westport, CT 06880.

In the Mideast business world, TAG Aeronautics Ltd. is the exclusive distributor and representative for Challenger sales and support.

For further information, contact Adel A. Oubari, Vice President, TAG Aeronautics Ltd., 14 Rue Charles Bonnet, 1211 Geneva 12, Switzerland. Phone: (022) 46 17 17. Telex: 289 084.



canadair challenger

*Based on current prices which are subject to escalation and may be changed without notice.

Brave new legal world ahead

THE WEEK IN THE COURTS

BY JUSTINIAN

LAWYERS are not natural prophets. In sorting out their clients' contemporary problems they spend far too much of their professional lives delving into the past ever to contemplate the horizons of the law in society.

Nevertheless, from time to time the profession is galvanised into self-analysis and consequently into foretelling the events that will transform the legal system and reshape the legal services to the public. For a number of unrelated reasons the time is now ripe for a fresh initiative in law reform and a notable segment of the legal profession is poised for a thorough-going refurbishment of the constitutional structure and legal framework of our society.

Ever since the Labour Administration of 1964-70 provided the innovative forum of the Law Commission there has been a steady stream during the past decade of legislation altering the substantive law, notably the divorce laws and large chunks of the criminal law. Valuable as these reforms have been, the institutions of the law and the procedures for invoking legal remedies for the citizen's grievances have remained largely untouched.

Like so many aspects of public affairs, the institutions of the legal system have proved impervious to easy adaptation to modern needs. Even the physical aspects of the system—the bricks and mortar of court buildings—have barely kept pace with the demands of burgeoning litigation.

A reminder of the inadequacy of court accommodation will be furnished a year hence when the profession will be commemorating the opening in January 1883 by Queen Victoria of the Royal Courts of Justice in the Strand, London, previously housed at Westminster Hall.

The Law Courts represent the over-ample and much wasteful space of their age, originally housing some 25 courtrooms. By improvisation that number has been nearly doubled to cope with the growing volume of business, with varying degrees of inconvenience to judges, court officials, legal practitioners, their clients and witnesses. The expansion in courtroom accommodation has reached its limits; in preparation for the centenary celebrations the authorities will be driven to seeking ways of remedying the situation.

The Attorney-General and Solicitor General, together with their meagre staff of half-a-dozen Civil Service lawyers are housed in one corner of that majestic edifice in the Strand, detached both geographically and administratively from the mainstream of the Government's legal services in Whitehall. (Proposals for a physical move have not advanced very far).

Significantly, under recent Labour Administrations the Attorney-General's office has been described as the Law Officers' Department, while Conservative Administrations have adhered to the traditional concept of the Attorney-General as the leader of the Bar (who in the past was even permitted to, and did accept private briefs) by referring to the office as the Attorney-General's Chambers.

All this lends added weight to the unpalatable truth that the Government's principal legal adviser operates more peripherally than centrally to government. Unlike any other specialism that government Departments rely on, the law is part and parcel of the functions of every Department of state; hence the lawyers claim, and to some very limited extent achieve, a status in the Civil Service as high as that of the most senior administrators, without exercising the influence that their discipline should achieve.

The organisation of government legal services are so diffuse among several departments, and any central control is so transparently lacking, that the influence of lawyers is restricted to advice, and then only as and when it is sought by Ministers, and rarely extends to policy.

The emergence in the past few months of a band of radical lawyers under the political banner of the Social Democratic Party has begun urgently to inject a dose of legalism into the deliberations over constitutional reform proposed last March in the Limehouse charter. Ever since the Haldane Committee on the Machinery of Government in 1918 floated the proposal of a Ministry of Justice, radical lawyers have fondly toyed with the idea. Haldane's main proposal was to rejig the functions of the Home Office and the Lord Chancellor's Department, giving the former the task of administering the court system while leaving the Lord Chancellor to appoint the judges, with the assistance of an advisory committee.

Some of the changes wrought by the Beeching Commission that formed the basis of the Courts Act 1971 and the unification recently of civil and criminal legal aid, have brought about some redistribution of functions. But the kernel of Haldane's proposal still arouses the spirit of reform.

Instinctively the very utterance of the title of a Minister of Justice conjures up a picture of a nasty foreign practice of concentrated power in the hands of lawyers, not the most favoured of professions in the public's eyes. The unification of government legal services, however, has an attraction to constitutional reformers. Indeed the year ahead will witness much discussion about the special position of Civil Service lawyers.

Governmental administration has not generally recruited its bureaucracy from among lawyers. Few legally-qualified civil servants reach the top jobs in government service. Neither the police nor the prison service—parts of the public service which by their nature demand from its servants more than just a nodding acquaintance with the law—has had more than an occasional lawyer among its top echelons. Few chief constables or prison governors have even a legal qualification let alone have practised law at any time.

Until very recently practising lawyers did not aspire to a role in government other than as parliamentarians and Ministers. With the growth in output from the law schools and with a diminishing requirement for private practitioners, however, the lawyer is now seeking new fields to conquer. Departments of state seem a natural habitat for legal expertise, not as a departmental lawyer but as an administrator who happened to be a lawyer.

Not all the prospects of legal change, more or less exciting, will come from politico-legal sources. There is a good deal within the parliamentary, and even the court processes that encourages the notion of a brave new legal world emerging in the mid-1980s. The impending debates on the Criminal Justice Bill will reveal how far the courts' sentencing policy can be moulded by statute to relieve the prison administration of the intolerable burden of a prison population that is near, if not actually at, breaking point.

The judges are showing themselves as less than totally committed to the Home Secretary's oft-expressed wish to effect a dramatic change in penal affairs by getting substantially reduced prison sentences passed by the courts. If the judges win the current battle for unbridled independence for the courts, politicians in the near future will turn to drastic measures to counter judicial obduracy. The Bill itself contemplates the Home Secretary using administrative powers to release prisoners earlier in their sentences.

Courts are, by current standards, less likely to catch this mood of advancing liberalism, although the European Court of Human Rights will doubtless make further inroads upon the illiberal laws that are still strewn across the English legal system. The Court is poised to effect the virtual ending of censorship in our prisons; other libertarian issues, such as the blasphemy laws and immigration policy, are shortly to come under scrutiny at Strasbourg for violations of fundamental freedoms.

The most significant event of the coming year (the new law term starts today) will be the compulsory retirement of the senior Law Lord, Lord Wilberforce. Parliament's insistence that judges appointed after 1959 must retire at 75 — Lord Denning is now almost the only judge exempted from that rule and defiantly declines to step down — will remove from the judicial firmament its brightest star.

It is hard to find among the present generation of judges anyone who has matched Lord Wilberforce's qualities of sound (often wise) judgment, intelligibly (often elegantly) expressed, and usually with flawless reasoning, but above all in an impeccably judicial manner. With his departure at the beginning of March there ends the post-war era of judicial insistence on retaining the virtues of the English common law while discarding its archaism.

Gift of £50,000 for university

QUEEN'S University, Belfast, is receiving a donation worth £50,000 from Standard Telephones and Cables (Northern Ireland).

The money, provided by a seven-year deed of covenant, will assist in establishing a university-industrial liaison and development centre.

It will also be used towards the development of vocationally-orientated courses and services designed to meet the needs of engineering companies in fields of changing technology, in particular by providing high-level updating and retraining programmes.

TELEVISION

Chris Dunkley: Tonight's Choice

Following BBC's 10-part series on computers for beginners The Computer Programme is turning out able pricey: even if you don't actually buy a BBC computer (a snip at £235 and £335 I am assured—seriously) it looks as though you'll have to buy a video recorder before you can see the programmes. They start today on BBC 2 at 3.05.

Later the same channel runs a repeat of Three Of A Kind which shows up ITV's new Saturday night programme "OTT" in a very poor light. The comparison is legitimate not just because the tall black comedian Lenny Henry features in both and to much better effect in the BBC show, but because they are very similar programmes: fast moving lines of comedy sketches.

Horizon assesses "The Secret Of The Snake," considering the widespread loathing of the creatures and then revealing that modern science is discovering remarkable medical potential in snake venom.

On BBC1 Robert Kee returns to Panorama after a breathtakingly long pause (nearly 20 years I should think) to take over the chair vacated by David Dimbleby now that he's gone to beef up Nationwide.

BBC 1

9.00 For Schools, Colleges. 10.00 You and Me. 10.15 For Schools, Colleges. 12.30 pm News After Noon. 1.00 Pebble Mill at One. 1.45 Camberwick Green. 2.01 For Schools, Colleges. 3.00 See Hear! 3.25 Delia Smith's Cookery Course. 3.53 Regional News for England (except London). 3.55 Play School. 4.20 Laurel and Hardy cartoon series. 4.25 Jackanory. 4.35 Playhouse. 5.05 Newsround. 5.10 Blue Peter.

5.40 News.
6.00 Regional News Magazines.
6.25 Nationwide.
6.55 Doctor Who.
7.20 So You Think You Know What's Good for You?: Educational quiz hosted by Cliff Michelmore and Dr Miriam Stoppard.
8.10 Panorama: Robert Kee interviews Lord Carrington on the West's response to the crisis in Poland.
9.00 News.
9.25 Last of the Summer Wine starring Bill Owen, Peter Sallis and Brian Wilde.
9.55 Police: A look at life inside Thames Valley Constabulary.
10.35 Film 82 Special: Candice Bergen talks to Iain Johnstone.
11.05 Big Jim and the Figaro Club starring Norman Rossington, Roland Curram and Priscilla Morgan.
11.38 News Headlines.
11.40 Speak for Yourself.

BBC 2

10.10 am Managing the Micro.
10.35 Speak for Yourself.
11.00 Play School.
11.25 Play It Safe!
11.35 Write Away.
2.00 pm A Child's Place.
2.25 Maths Help.
2.40 Other People's Lives.
3.05 The Computer Programme.
3.30 Up the Organisation.
†3.55 Star Movie: "Passage to Marseilles."
5.40 Undersea Kingdom.
6.00 Maggie.
6.25 Mr Smith's Favourite Garden.
6.50 News Summary.
6.55 Riverside.
7.30 The Genuine Article.
7.55 Porridge.
8.25 Grace Kennedy.
9.00 Three of a Kind.
9.30 Horizon.
10.20 Darts.
10.45 Newsnight.
11.30 Darts.

LONDON

9.30 am Schools Programmes. 12.00 Cockleshell Bay. 12.10 pm Rainbow. 12.30 Do It Yourself. 1.00 News, plus FT Index. 1.20 Thames News with Robin Houston. 1.30 Farmhouse Kitchen. 2.00 Money-Go-Round. 2.30 Monday Matinee: "Big Bob Johnson and His Fantastic Speed Circus." 4.15 Dangermouse. 4.20 Graham's Ark. 4.45 The Book Tower. 5.15 Mr and Mrs.

5.45 News.
6.00 Thames News with Andrew Gardner and Rita Carter.
6.25 Help! with Viv Taylor Gee.
6.35 Crossroads.
7.00 Wish You Were Here . . .? Chris Kelly visits Longleat and Bath; and Judith Chalmers reports on Blankenberge in Belgium.
7.30 Coronation Street.
8.00 Let There Be Love starring Paul Eddington and Nanette Newman.
8.30 World in Action.
9.00 Hill Street Blues.
10.00 News.
10.30 "The Kremlin Letter" starring Richard Boone, Bibi Anderson and Max Von Sydow.
12.45 am Close: Sit Up and Listen with Ginette Spanier.

† Indicates programme in black and white

All IBA Regions as London except at the following times:

ANGLIA

1.20 pm Anglia News. 2.30 The Lada Snooker Classic. 5.15 University Challenge. 6.00 About Anglia. 6.30 Survival. 10.30 Anglia Reports. 11.00 A New Kind of Family. 11.30 The Lada Snooker Classic. 12.25 am Reflection.

BORDER

1.20 pm Border News. 2.30 Lada Snooker. 5.15 Bygones. 6.00 Lookaround Monday. 6.15 The Sound Of . . . Sandy and Derick. 6.30 Mr. and Mrs. 10.30 Thriller: "Death in Deep Water." 11.40 Border News Summary.

CENTRAL

1.20 pm Central News. 2.00 Hagen. 3.35 Cartoon Extra. 6.00 Central News. 10.30 Left, Right and Centre. 11.10 Central News. 11.15 Paris by Night. 11.45 Something Different.

CHANNEL

1.20 pm Channel Lunchtime News, What's On Where and Weather. †2.30 The Monday Matinee: "The Card." 5.15 Emmerdale Farm. 6.00 Channel Report. 6.30 The Two of Us. 6.00 Quincy. 10.28 Channel Late News. 10.35 Ladies Man. 11.05 Golfing Greats (Sam Snead). 11.30 Lada Snooker. 12.25 am News and Weather in French.

GRAMPIAN

6.25 am First Thing. 1.20 pm North News. 2.30 Lada Snooker Classic. 6.00 North Tonight. 6.30 Out of Town. 10.30 The Palace Presents. 11.30 Lada Snooker Classic. 12.25 am North Headlines.

GRANADA

1.20 pm Granada Reports. 2.30 Lada Snooker Classic. 6.00 Granada Reports. 8.30 Mr Merlin. 9.00 Quincy. 10.30 Vegas. 11.30 The Lada Snooker Classic.

HTV

1.20 pm HTV News. 2.30 The Lada Snooker Classic. 5.15 Diff'rent Strokes. 6.00 HTV News. 10.28 HTV News. 10.30 Survival. 11.00 Altered Images. 11.30 The Lada Snooker Classic.

HTV Cymru/Wales—As HTV West except: 12.00-12.10 pm Ffalabalam. 4.15-4.20 Mr Magoo. 4.45-5.15 Ser. 6.00 Y Dydd. 6.30-7.00 Report Wales. 8.30-9.00 Yr Wythnos. 11.00-11.30 World in Action. (As HTV West, 8.30 pm).

SCOTTISH

1.20 pm News and Road and Weather. 2.30 Lada Snooker Classic. 5.15 Emmerdale Farm. 6.00 Scotland Today. 6.40 Crimedesk. 9.00 Quincy. 10.30 Late Call. 10.35 Magic of the Stars. 11.35 Lada Snooker Classic.

TSW

1.20 pm TSW News Headlines. †2.30 "The Card," starring Alec Guinness, Glynis Johns, Valerie Hobson and Petula Clark. 4.12 Gus Honeybun's Magic Birthdays. 5.15 Emmerdale Farm. 6.00 Today South West. 8.30 The Two of Us. 9.00 Quincy. 10.32 TSW Late News and Weather. 10.35 Ladies Man. 11.05 Golfing Greats (Sam Snead). 11.30 Lada Snooker. 12.25 am Postscript. 12.30 South West Weather and Shipping Forecast.

TVS

1.20 pm TVS News. 2.30 Lada Snooker Classic. 5.15 Watch This Space . . . That Monday Evening Feeling. 5.30 Coast to Coast. 6.00 Coast to Coast (cont.) 6.30 Altered Images. 9.00 Quincy. 10.30 A Full Life. 11.00 The Entertainers. 11.30 Lada Snooker Classic. 12.25 am Company.

TYNE TEES

9.20 am The Good Word. 9.25 North East News. 1.20 pm North East News and Lookaround. †2.30 Monday Matinee: "The French Mistress," starring Cecil Parker and James Robertson Justice. 5.15 Happy Days. 6.00 North East News. 6.02 Three Little Words. 8.30 Northern Life. 9.00 Quincy. 10.30 North East News. 10.32 Briefing. 11.15 Lou Grant. 12.10 am The Sayings of Jesus.

ULSTER

1.20 pm Lunchtime. 2.30 Snooker. 4.13 Ulster News. 5.15 Watch This Space. 5.30 Good Evening Ulster. 6.00 Good Evening Ulster. 6.30 Mr and Mrs. 9.00 Quincy. 10.29 Ulster Weather. 10.30 Ulster Landscapes. 11.00 Face Your Future. 11.25 Bedtime.

YORKSHIRE

1.20 pm Calendar News. †2.30 Monday Matinee: "The Oracle," starring Virginia McKenna, Michael Medwin and Mervyn Johns. 4.05 Love—American Style. 6.00 Calendar (Emley Moor and Belmont editions). 8.30 Enterprize '82. 9.00 Quincy. 10.30 Sportsman of the Year Dinner. 11.30 Lada Snooker Classic.

RADIO

(S) Stereophonic broadcast
‡ Medium Wave

RADIO 1

5.00 am As Radio 2. 7.00 Mike Read. 9.00 Simon Bates. 11.30 Dave Lee Travis. 2.00 pm Paul Burnett. 3.30 Steve Wright. 5.00 Peter Powell. 7.00 Stayin' Alive with Andy Peebles. 8.00 David Jensen. 10.00-12.00 John Peel (S).

RADIO 2

5.00 am Steve Jones (S). 7.30 Terry Wogan (S). 10.00 Jimmy Young (S). 12.00 John Dunn (S). 2.00 pm Ed Stewart (S). 4.00 David Hamilton (S). 5.45 News; Sport. 8.00 David Symonds with Much More Music (S). 8.00 Folk on 2 (S). 9.00 Humphrey Lyttleton with the Best of Jazz including 9.55 Sports Desk. 10.00 The Law Game. 10.30 Star Sound. 11.00 Brian Matthew with Round Midnight. 1.00 am Truckers' Hour (S). 2.00-5.00 You and the Night and the Music (S).

RADIO 3

6.55 am Weather. 7.00 News. 7.05 Morning Concert (S). 8.00 News. 8.05 Morning Concert (continued). 9.00 News. 9.05 This Week's Composer: Scriabin (S). 10.00 Lionel Rogg organ recital (S). 10.50 BBC Northern Singers (S). 11.35 Northern Sinfonia Orchestra (S). 1.00 pm News. 1.05 BBC Lunchtime Concert (S). 2.05 Matinee Musicale (S). 3.00 The Songs of Mussorgsky (S). 3.25 New Records (S). 4.55 News. 5.00 Mainly for Pleasure (S). 7.00 Aspects of the Blues. 7.30 "Le Vin Herbe" (The Drugged Wine) opera in three acts by Frank Martin (S). 9.45 Music in Our Time (S). 10.30 Jazz in Britain: Charles Fox introduces John Stevens' Away (S). 11.00 News. 11.05-11.15 Dorville (S).

RADIO 4

6.00 am News Briefing. 6.10 Farming Week. 6.25 Shipping Forecast. 6.30 Today. 8.35 The Week On 4. 8.45 The Widower by Georges Simenon. 9.00 News. 9.05 Start the Week. 10.00 News. 10.02 Money Box. 10.30 Daily Service. 10.45 Morning Story. 11.00 News. 11.05 Down Your Way visits Elstree in Hertfordshire. 11.50 Poetry Please! 12.00 News. 12.02 pm You and Yours. 12.27 Nashville (S). 12.55 Weather, programme news. 1.00 The World at One. 1.40 The Archers. 1.55 Shipping Forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.02 Afternoon Theatre (S). 4.35 Back in Ten Minutes. 4.45 Story Time. 5.00 PM: News magazine. 5.50 Shipping Forecast. 5.55 Weather, programme news. 6.00 News including Financial Report. 6.30 The News Quiz (S). 7.00 News. 7.05 The Archers. 7.20 Start the Week with Richard Baker. 8.00 The Monday Play. 9.15 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.30 Science Now. 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 Music at Night (S). 12.00 News.

MANAGEMENT

EDITED BY CHRISTOPHER LORENZ

How precision boosts Sainsbury's productivity

David Churchill reveals the attention to detail which is keeping the UK retailer ahead of the competition

DURING the past two years of recession — when unemployment has climbed steadily—the J. Sainsbury supermarket chain has done what for most companies would be unthinkable; it has created some 10,000 new jobs over the period bringing its total workforce to about 47,000.

At the same time, Sainsbury's profits performance has been without parallel in the UK retail world. Full year pre-tax profits in the last financial year were up 43 per cent to £65.8m; the interim results announced last month revealed pre-tax profits up by 38 per cent to £42.5m.

The reasons for such a remarkable profits performance and employment record are varied, and owe much to the family-controlled company's consistent trading policies for the past 113 years (detailed in full on this page last year). But at the heart of Sainsbury's success lies a 10-year drive to increase productivity—a campaign that has produced some solid statistical evidence of real productivity gains to back up the impressive profits generation.

Paragon

There are several ways of measuring retailers' productivity levels but on all counts Sainsbury comes out ahead. Over the past five years, for example, sales value per employee per week has risen in real terms from £881 in 1977 to £1,095 last year. Over the same period, sales volume per employee per week rose by some 29 per cent—including a half-year increase of 5.6 per cent over the previous half-year.

Sales value per sq ft of selling space has also risen, in real terms, from £8.29 in 1977 to about £11.50 at present. This is about double the average in the grocery industry.

What all these figures mean is that Sainsbury is not only selling more goods from every shelf than ever before, but also that in spite of increasing staff it is generating more income per head than ever before.

Sainsbury, therefore, is a paragon of Thatcherism; real productivity gains mean real increases in both jobs and profits.

How has Sainsbury done it? Not through any magical system, but through the application of a consistent approach over the past decade to get its basic systems right and to improve the quality and efficiency of staff.

Sainsbury started along the productivity road in the early 1970s at a time when supermarkets generally paid only lip-service to the god of higher productivity. At that time, sales and profits could still largely be generated from an expanding food market and at the expense of less able competitors. Now, however, overall food demand is static and the structure of grocery retailing has become more concentrated, making real productivity gains the most effective way of corporate growth.

Two things changed Sainsbury's approach. First was the realisation that grocery retailing was steadily becoming a bigger and more sophisticated ball-game, as stores grew in size and new marketing techniques boosted sales.

Second was the personal drive of Sir John Sainsbury, the chairman since 1969, to fulfil his business philosophy of creating a more professional and efficient operation to meet the challenges of the 1970s.

The productivity strategy that resulted evolved through three phases. The first, and most basic phase, was the realisation that stock ordering and replacement systems had to be developed to provide accurate data and to cope with the anticipated volume growth. Without such a basis, all other methods of selling more food per employee and per square foot of space were made that much more difficult.

To this fundamental stock control system was added the second phase of improving staff and managerial quality and pruning headquarters staff.

Thirdly, the benefits of better stock control systems and better staff could only be maximised by higher volume through the stores.

It is this higher volume over the past few years—market share alone has risen by 50 per cent since 1978—that has enabled Sainsbury to capitalise in profit terms on the tighter control systems.

But it was the initial stage of the productivity drive that was probably the most important in laying the groundwork for future productivity gains.

Joe Barnes, Sainsbury's retail director who has been one of the prime instigators of the productivity campaign of the past decade, explains that the initial aim was "to develop our control over stock replacement." By their very nature, groceries tend to be sold quickly and stores that fail to keep shelves stocked lose customers. Too much stock, however, is equally bad because of the costs of stock holding.

Joe Barnes: at the centre of Sainsbury's productivity campaign as the director of retail operations

Barnes says that Sainsbury at this time was very impressed with computerised stock ordering systems used by U.S. supermarket chains. The system that Sainsbury developed for its own use, therefore, is based on what it learnt from the U.S.

Its original equipment was stored in a trolley which was wheeled round the store, but advances in micro-technology mean that similar equipment is now no larger than a hand-held calculator. Stock levels are calculated from what is left on shelves during the daily stock count. Each product has a code which is included in a label on the front of each shelf. This is "read" by a special pen as the amount of fresh stock needed is manually keyed into the equipment.

The stock replacement data is transmitted over the telephone network each day to the nearest Sainsbury depot where the stock is assembled, delivered to stores, and put on shelves after the store has closed. (Staff work on a shift system to do this.) Some very high volume lines, such as baked beans, are kept within the store to ensure no empty shelves.

Weed out

One of the advantages of this stock ordering system is that the new stock order is made up in sequential order (since that is how it was recorded) so that each shelf is filled in turn.

The computerised system also means that there is extensive data available to establish sales patterns and to weed out slow moving items. Although the sheer scale of the operation through Sainsbury's 215 stores means that much of the day-to-day ordering is automatic, head office will check on about 25 stores a day to make improvements to a particular store's product mix.

This system, with certain refinements, has been the cornerstone of Sainsbury's ordering and stock control over the past decade and is now copied by many other supermarket chains. Sainsbury's advantage, however, is that it is used in every store, not just the larger ones as is often the case with many of its competitors.

Having got the basic computerised stock control systems into operation, the next phase of the productivity drive was towards staff control. The existing system meant that head office would tell each store manager what staff were needed in that store and when. Such a policy was in line with the company's strongly centralised management system.

However, it became apparent that as the number and size of stores grew, such a centralised approach was too inflexible. So the policy evolved that each store manager should have responsibility for determining his own staff levels.

Each store manager calculates estimated trade levels (using data accumulated from the till and other sources) and works out, about two weeks in advance, what staff are needed for each part of the store at different times. Thus, if a particularly heavy volume of trade is foreseen—either for local reasons or because of a Bank Holiday—the manager can adjust his staff accordingly.

Giving store managers responsibility for staff levels and stock control has also helped Sainsbury enhance the professionalism of its management.

Sainsbury, not surprisingly, puts considerable effort into training its staff. There are audio-visual training facilities in every store, backed up by area training centres. All staff have a "work-book" which is an individual record of their training progress. "You can't get good productivity out of a workforce that doesn't understand the job," points out Joe Barnes.

Sainsbury is coy about wage rates for staff, saying that they "reflect our position in the trade." Staff are not paid a productivity bonus as such but after two years' service are eligible for the profit-sharing scheme.

The average sum paid out to an eligible full-time employee in 1980 was £156, rising to £234 last year reflecting the company's profits growth. Barnes believes that the profit-sharing scheme is a "significant part of our staff's thinking, and people get very excited by it."

During the 1970s, when Sainsbury was re-appraising its staff control systems, it also embarked on a vigorous pruning of administrative staff. Putting more control in the store managers' grasp — and re-organising distribution and other non-retail functions — enabled staff numbers in the headquarters and distribution divisions to be lower now than five years ago. Yet total staff numbers have risen sharply over the past few years.

This seeming paradox is explained by the demands of handling the surge in volume sales over the past few years, plus an extensive new store opening programme. Sainsbury's philosophy has always been to set standards of service and operation which it believes should be maintained whatever the level of trade. Thus, as trade has steadily risen over the past few years so extra staff have been needed to maintain standards. Yet at the same time staff are still being more productive per head than ever before.

Sainsbury boosted its volume sales from 1978 onwards through an aggressive advertising and marketing campaign, spearheaded by its "Discount" price-cutting promotions, as well as opening new stores. Not only did it add some 900,000 square feet of selling space over the past five years, but the average size of store now being opened is much larger than previously.

Larger stores of 25,000 sq ft or more carry roughly the same fixed overheads as a store of about 15,000 sq ft. But the increase in volume sales means a significant increase in productivity per employee.

Sainsbury has also increased productivity in a number of other ways. More attention has been focused on transferring goods from delivery vans into stores, and the whole distribution system has been streamlined. Refrigerated display cabinets have been specially designed to increase their cubic sales space without losing refrigeration.

Consistent

The key question for Sainsbury now is whether it can keep up with its productivity gains. The company obviously believes it can. Although at this stage it is still cautious about the benefit of new laser-scanning electronic checkouts, it does foresee considerable improvements in computer and communication systems technology over the next decade. "The greater control of stocks and the shorter ordering lead-time that follows will inevitably lead to greater productivity," Barnes says.

Sainsbury also has considerable opportunities to increase the ratio of superstores to supermarkets in its property portfolio. At present it has some eight superstores.

But the most crucial element in the company's productivity performance has been and remains simply the overall Sainsbury philosophy of consistently paying attention to detail. After 112 years pursuing such a consistent policy, there seems little reason to change now.

The result of this commitment has paid off in profits. Sainsbury calculates that without its productivity gains in the last half year, margins would have been 0.5 per cent less and pre-tax profits down by some £5.2m.

Management abstracts

Theory X and Theory Y revisited. T. C. Carbone in Managerial Planning (U.S.), May/Jun 81: p. 24 (3½ pages, charts)

Reviews McGregor's motivational concepts of managerial styles, and outlines their relevance to the life-cycle theory of leadership; contends that too many managers see X and Y as mutually exclusive behaviours. Argues, instead, that a flexible approach, related to employees' progress on a learning curve from immaturity to maturity provides a more realistic approach.

Self-financing productivity schemes. E. Boyle in Management Services (UK), Jun 81: p. 6 (5 pages, illus., tables)

Describes a survey of manufacturing companies in Northern Ireland that have introduced self-financing productivity schemes; discusses the move away from work-measured schemes for blue-collar workers to multi-factor ones covering output, costs, and quality; finds a greater interest in such schemes in large firms, and notes differences between small and large companies in the type of schemes favoured; reproduces the questionnaire.

Total productivity's link with pay. T. Husband + A. Ghobadian in Management Decision (UK), Vol 18 No. 6: p. 287 (8 pages, charts, tables)

Examines the value of measuring, and the difficulties in defining, the total productivity of a company; suggests factors for calculating productivity and interpreting results. Shows how an incentive bonus scheme can be linked with a productivity index.

Zero-base budgeting for planned organisational decline. J. V. Pearson + R. J. Michael in Long Range Planning (UK), Jun 81: p. 68 (8½ pages, chart, tables)

Foresees continuing pressure on local/central government to reduce the scale of its services; looks at techniques for managing this decline, and rejects as unsatisfactory first-in/last-out staff cuts, recruitment freezes, across-the-board cuts, and productivity criteria; supports the use of zero-base budgeting, and discusses how it might operate.

These abstracts are condensed from the abstracting journals published by Anbar Management Publications. Licensed copies of the original articles may be obtained at £2.50 each (including VAT and p + p; cash with order) from Anbar, PO Box 23, Wembley, HA9 8DJ.

BUILDING AND CIVIL ENGINEERING

Bos Kalis variety

LAND AND MARINE Engineering of Merseyside (subsidiary of Royal Bos Kalis Westminster nv) has received a £10m order for a jack-up accommodation / maintenance platform from Boele Bolnes Shipyard, the Netherlands.

Designed by Marine Structure Consultants (also a subsidiary company) the platform is capable of operating in 40 metre depths, is able to withstand extreme storm conditions, and has been fashioned with flexibility in mind, so that the individual requirements of either accommodation and craneage, or accommodation only, can be provided.

In the first of these two modes, the jack up will be able to house a workforce of up to 80 in addition to the 22 man service crew. By dispensing with the heavy-duty maintenance crane (with a lifting capacity of 80 tonnes at 30 metre radius) the accommodation can be extended to cater for 300.

Shell Expro has placed a contract for the use of the platform which immediately after commissioning will go to the Leman Bank field for maintenance work on the Leman structure.

Principal dimensions of the platform are 40 by 40 by 5 metres draft, 71 metre long legs, permanent accommodation for 72 personnel, and an Olympic ringer crane with a lifting capacity of 88 tonnes at 30 metre radius. Additional temporary accommodation could also be provided.

NEW HOUSES and flats will be built in Glasgow, Liverpool and Southampton by Bos Kalis Westminster Construction which values the three schemes at around £3m.

The company will build 77 flats on two sites in Swaythling, Southampton for the Swaythling Housing Society under a £1.2m award.

Largest housing development in this new batch of work is a £1.1m project for the erection of 60 traditional dwellings at Whitefield Road, Liverpool, for project starts this month in the Liver Housing Association.

Another traditional housing Liverpool on a site facing Tue Road and Haydn Road where 19 family houses will be built under a £490,000 contract for Merseyside Improved Houses.

Mowlem awards

CONTRACTS WORTH £4m for work in Devon and Cornwall have been awarded to Mowlem subsidiary E. Thomas and Company.

In Devon is a £234,000 flood alleviation project for the second stage of the Kenwith Valley scheme at Bideford for Torridge District Council, and a £312,000 extension to Devonport's telephone exchange for British Telecom.

Work in Cornwall includes a £2m drainage scheme at Wadebridge; advance workshops at Penzance and factory extension at Hayle (total value of £300,000): a £150,000 shop and office development for Chantry Keys Securities; modernisation of homes (£22,000) at Newlyn; £330,000 worth at Carbis Bay for hotel extension and new ambulance station; £200,000 modernisation scheme at St. Erth for St. Ivel: and a £150,000 contract to strengthen part of the breakwater at Bude.

Boost for R. M. Douglas

A MAJOR motorway job, valued at £5m, is the largest award in a new batch of work with a total value of £13m just won by R. M. Douglas, Birmingham.

The company will start next month on the 43 week M5 reconstruction scheme, Baughton to Strensham, Junction M50 for Hereford and Worcester County Council.

A £1.78m award is for industrial buildings at Broadbridge Heath, Horsham for Lawson Hunt Developments. Work has already started on this 45 week contract.

A boiler house has been ordered by the Welsh Health Technical Services Organisation for the Morriston Hospital, Swansea, under an award worth £1.1m.

At Sherburn-in-Elmet, near Selby, the company has a £1m job to build a grain mill on which work is about to start with a contract period of 48 weeks.

A number of varied, smaller schemes make up the overall total of £13m.

French Kier widespread

COMPANIES in the French Kier Group have more than £11m worth of new contracts, with the major award of £6.6m going to Kier International for the construction of a power station on Das Island, offshore from Abu Dhabi, United Arab Emirates.

The contract, for Abu Dhabi Marine Operating Company (ADMA-OPCO) comprises the complete civil and building works for the power station and electrical distribution network upgrade. It includes the installation of gas turbines and all ancillary equipment, supplied under a separate contract.

This company also has a £2.7m award for the construction of an additional facility for the University of West Indies at St. Augustine, Trinidad, to provide a reinforced concrete framed structure of four storeys with a 4480 square metres floor area with basement, solar panels, an elevated walkway and a fountain.

Work in the UK for French Kier Construction includes a £1.6m staff residential complex at Maidstone District General Hospital, and a £1m special care baby unit at All Saints Hospital at Chatham.

Sunley in the City

A MAJOR refurbishment scheme, valued at £5m, will be undertaken by Bernard Sunley and Sons, at Fountain House, 130, Fenchurch Street, in the insurance sector of the City of London.

Work for Stewart Wrightson will be carried out while the 16-storey building remains occupied, and involves substantial refurbishment to lift lobbies, toilets and staircases.

There will be repairs to and replacement of external stone cladding, curtain walling and windows; the mechanical and electrical services will be upgraded and a new sprinkler system provided to basement areas.

Architect for the project is the Thomas Saunders Partnership, quantity surveyor is David Belfield Everest, and Edward Erdman act as project managers.

Work for Wates

A NUMBER of new contracts in both the private and public sectors total more than £4½m for Wates Special Works, including a £½m refurbishment project for Spillers Trustees.

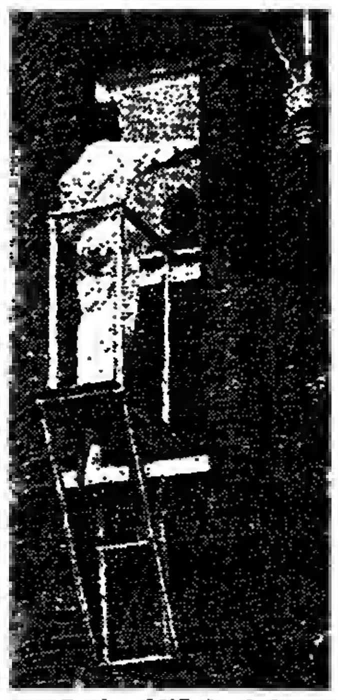
The Worshipful Company of Goldsmiths has appointed the company to carry out another refurbishment scheme at Goldsmith's Hall in the City at a cost of about £150,000. Upgrading Devon House, Great Portland Street, London W1 for the National Water Council brings in another £164,000.

At Commercial Road, London E14 the "Sailor's Palace" is to be converted into 26 flats and maisonettes under a £543,000 deal with Rodlingsea Housing Society.

Valued at just over £1½m is a scheme for the London Borough of Hackney on its Holmleigh Estate for external renovations to eight three-storey post-war partially occupied blocks.

Major refurbishment of a Regency terrace at 7-10 Connaught Place is worth £2½m and provides for the retention and restoration of 17 listed rooms which will be incorporated within the 28 luxury residences. Work is for Co-Partnership Property Developments and will run for 80 weeks.

What's new in building



Readyscaf Windowdeck

A PORTABLE scaffold unit which hangs out of the window has been introduced by Ready Scaffolding of Mitcham, Surrey (01-640 3792).

Known as Windowdeck, it is a sectional frame scaffold unit plus platform board with attached folding handrail, designed for access to the exterior of windows for painting and repairs without the need for expensive scaffolding from ground level.

The company says its product can be easily erected by one person from inside a room (including fixing the folding handrail in position), obviating methods of access or fixing from outside.

As well as normal access use from sash windows it can also be joined to a second unit from an adjoining window and—with the addition of a handrail and scaffold boards or stagings, depending on width—provides a complete working platform for reaching walls, stack pipes, gutters, and so on.

Made from aluminium tube and alloy fittings, Windowdeck is lightweight and folds back for easy transport, even fittings on to a roof rack.

★

WARD BROTHERS has introduced a new Atlas range of industrial buildings to complement its existing Widespan structures. Designed for use in factories, warehouses and supermarkets, the new buildings incorporate tapered main frames fashioned specifically to clients' exact dimensional requirements. More from the company at Widespan Works, Sherburn, Malton, North Yorks (094 44 421).

★

SAID TO BE a high-performance membrane suitable for tanking and damp-proofing retaining walls and solid concrete floors is DampSeal produced by Marley Waterproofing Products, PO Box 17, Otford Sevenoaks, Kent (0732 51033).

Combination of polypropylene and pitch polymer assures toughness and the company says DampSeal has a puncture resistance three times as great as 1000 guage low-density polythene.

It is packaged in 15 by one metre rolls which are simply rolled into position on site so that each adjacent edge slightly overlaps. A screed can be applied immediately after installation.

★

INSULATED PANELS made by Panelcraft in Holland are now available in the UK from Coolage Marketing (part of Tarmac), PO Box 3, Charleston, Glossop, Derbyshire (04574 61611).

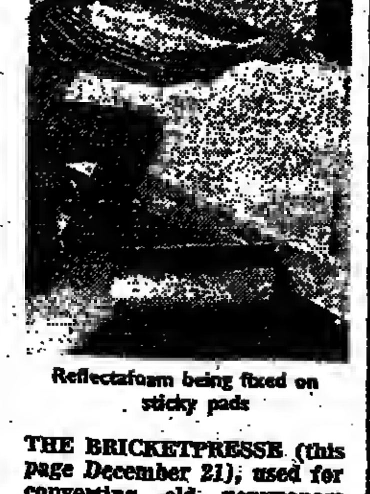
Made from glass-fibre reinforced polymer concrete (GRPC) the product is said to be lighter and stronger than its precast concrete counterpart and has uses ranging from replacing defective pre-cast concrete cladding through to additions in new buildings including offices, supermarkets, banks and a footbridge.

★

ALTHOUGH MANY of us have stuck kitchen cooking foil behind our radiators, a more professional appearance comes with a product called Reflectafoam from Piccadilly Leisure Sales, 199 Piccadilly, London W1.

Introduced to save the energy lost in heating small areas of wall, and already in use in commercial and industrial locations throughout the UK, the material combines insulating properties of closed cell foam with the reflective qualities of an aluminised surface.

Fixed simply without unhinging a radiator, it is supplied in lengths of 13 ft by 4½ ft wide—sufficient for three standard radiators—at about £5.95 from DIY shops and hardware merchants.



Reflectafoam being fixed on sticky pads

THE BRICKETPRESSE (this page December 21), used for converting old newspapers into fire bricks, can be obtained from Watts of Calcot, Environment House, Bath Road, Calcot, Reading, Berkshire (0734 411646).

Around the industry

JUST PUBLISHED by the Cement and Concrete Association is The control of blemishes in concrete, which deals with the causes, identification and prevention of blemishes in the surface of formed concrete both precast and in situ.

It is intended to be used on site or in precast works to identify blemishes that may arise, and to prevent their recurrence.

Fully illustrated, it costs £2.25 and is available from the C & CA at Wexham Springs, Slough (quoting ref 47.103).

JOHN LELLIOTT has now handed over St. Magnus House, Lower Thames Street, in the City of London, to Midland Bank International. The company acted as management fee contractor for fitting out the ten-storey building in the form of a bank operations centre and says that the £8m contract was completed on time to a ten-month programme.

BRITAIN'S FIRST National Glazing Exhibition, specifically for windows, patio doors and safety glazing, will be at the Cunard International Hotel, Hammersmith, March 4-7 inclusive (public admitted on March 6 and 7 only). More from Sylvia Macdonald 01-686 2599.

Laing busy in the UK

NEARLY £8m worth of new work is announced by John Laing Construction.

A reinforced concrete substructure is already under way at Heathrow's new Terminal 4 where the £4.6m contract also covers new subways, service tunnels, drainage, ground floor slab and reinforced concrete vertical circulation cores.

Work has started on an £800,000 scheme at Mayday Hospital, Croydon for the South West Thames Regional Health Authority, for three-storey residential accommodation comprising 84 bedsitting rooms.

Three infill housing contracts with a total value of more than £1.1m have been awarded by the London Borough of Lewisham.

Another three contracts, together worth £1.2m, are for work in Scotland, including a £1m plus scheme for building and refurbishment at St Andrews Road and McCulloch Street, Glasgow, for the Pollokshields Housing Association.

Alterations to Edinburgh Airport's terminal building are being carried out under a £360,000 award from the British Airports Authority and, on a site bounded by Portland Street and Cheapside Street in Kilmarnock the company's Scottish region is building two-storey retail development "shell" stage for Abbey Life Assurance under a £300,000 contract.

LYTAG LIMITED

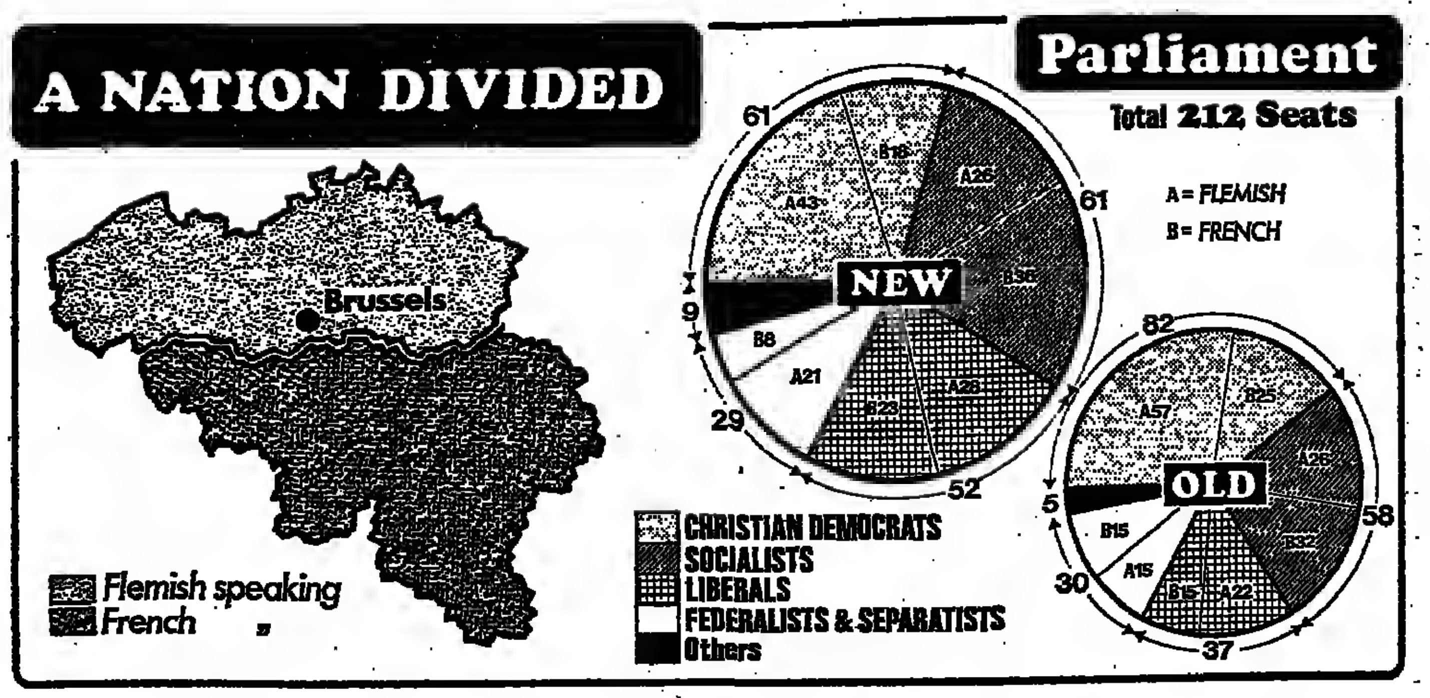
The British company which has signed an agreement with Dutch PGEM to advise on a power station in Holland is Lytag of Hemel Hempstead, and not Lysag as stated on this page of December 21.

FINANCIAL TIMES SURVEY

Monday January 11, 1982

BELGIUM

A new Government, pledged to a tough economic recovery programme, is taking over at a time when either success or failure could significantly alter the course of modern Belgium. It could, with luck, lead the nation away from political and economic chaos, or provoke on the other hand a dangerous widening of the gap that already seriously divides the country's Flemish and French-speaking communities.



The new men face a rough future

By Giles Merritt and Larry Klinger

BELGIUM HAS a new government. It is not just a new coalition in the sense of being the 38th flimsy political patchwork in 37 years, it is a new style, firm government of the Centre-Right.

It is arguably the most important development in the country's affairs for some years, for it can be looked at in two ways, either of which could change the face of Belgium.

The new Christian Democrat-Liberal administration announced by Mr Wilfried Martens in the pre-Christmas lull of 1981 could, with luck, be the strong Government that the country has been looking for since the mid-1970s to lead it away from political and economic chaos. Alternatively, it could be the detonator to blow Belgium apart.

The two possibilities are starkly different, and it may well be that the re-appearance of the evergreen 45-year-old Mr Martens at the head of what is his fifth government in less than three years is largely responsible for the undramatic fashion in which many Belgians have observed the arrival of the new regime. In terms of popular impact, Martens V, as the new coalition is laconically referred to, has so far been neither less nor more controversial than Martens IV or the government of Mr Mark Eyskens that intervened between the two.

So why should this latest Belgian government be so much more important? The reasons are straightforward enough. This one lacks the participation of Belgium's Socialists, which is to say that the most powerful representatives of the country's francophone Walloon population are excluded from office. The idea is that without the drag of Parti Socialiste participation in government, the Centre-Right coalition of Christian democrats and even more conservative Liberals will be able to cut government spending and restore sound management of the economy.

There is a great deal to be said for the new streamlined Government. Not least is that, unlike most Belgian coalitions, it does not represent some 80 per cent of political opinion and therefore does not contain the seeds of its own destruction. The members of the new government are unusual in Belgian politics — they all think much alike. On a practical level, this government is also committed to tackling economic problems that if allowed to drift out of control any longer could prove disastrous.

The four major planks of the new administration's platform are as follows. It will cut back hard on Belgium's runaway government budget deficit, reducing it in 1982 to only BFr 200bn by cutting away a likely BFr 127bn in projected spending. Adopting a modified "supply side" approach, it plans to regenerate industrial investment and stimulate exports through selective tax cuts. It also plans to "price Belgium back" into renewed economic activity by modifying the index-linked wage increases system launched 60 years ago, with the object of making Belgian workers accept real wages moderation and even cuts. In what, for Belgium, looks like a blueprint for government by "diktat," the new coalition intends to slice through the country's talking shop parliamentary procedures and award itself "special powers" designed to override the debating that can delay executive action.

Wealthy

For all its faults, Belgium is still a remarkably wealthy country with about the third or fourth highest standard of living in Western Europe. Yet it has been eating its seed corn for at least the past five years and now tends — though this might surprise the Turks, let alone many other EEC member states—to refer to itself as the sick man of Europe. For many Belgians, the Martens V regime is just what the doctor ordered. If the new government can reverse the trend of public indebtedness that is dragging the entire economy dowoward and at the same time streamline industry so that its international competitivity is maintained and even sharpened, then its somewhat draconian character will have been justified.

The snag in all this is that dispensing with the support of the country's Socialists, particularly the Walloon Socialists, is very much a two-edged sword. The Socialists may well have been a drag on the streamlining of public spending that could have averted the present deep economic crisis in Belgium, but their drag was that of a sea anchor. Without their involvement in government, the coalition becomes inherently unstable.

The problem is much more profound than the possibility that a Belgian Government used to being a forum for most political opinion suddenly finding itself turned broadside on to the waves of dissent. For the cuts that the tough Centre-Right coalition says it is determined to make will inevitably fall the heaviest on the Walloon Socialists' political constituency. In addition to defence spending, where reductions would inevitably worsen Belgium's position as a weak link in the Nato chain, the axe is likely to fall on infrastructure spending and even on dole benefits. Wallonia, where nearly 40 per cent of the votes are Socialist, is liable to react sharply. The very real danger is that the separatist pressures that have been building up there could be triggered by the actions of a government that Walloons regard as "undemocratic."

The need for the special powers sought by the new Government has already been rigorously questioned in the House of Representatives, especially, but not exclusively, by the Socialists, and the proposals still must be examined by the Senate.

The Government remains convinced, however, that its majority in the House—albeit a slim six—will hold and is aiming for final overall parliamentary approval by next month.

Responsible

The Cabinet is further encouraged by signs that a significant portion of the Opposition, while pleased to be seen to make stern speeches against the measures, are actually in favour of the economic programme as long as they cannot be held responsible by the electorate for its enactment.

According to the Government, the most telling argument in favour of the granting of special powers is that Parliament could, by a simple majority, revoke them at any time. Not only would the special powers disappear at a stroke, so would the Government. It would be forced to resign immediately, says the Cabinet.

Mr Martens and his colleagues feel that the greatest danger to its programme, and to the stability of the country, will come when the measures begin to bite and they are acutely aware that the country's divided political and social structure presents ample opportunity for serious quarrels to erupt at any time.

If the new *Centre-Right* configuration can conjure up a successful way to cut public spending while at the same time granting tax concessions and limiting rises in taxable incomes *and* control the rise in unemployment—now at the top of the EEC league at 13 per cent—it might escape the threat of widespread strikes.

Despite signs that workers are increasingly reluctant to take action that might mean the possibly irrevocable disappearance of more jobs, protest stoppages can break out at any moment, especially in the economically depressed, steel-based South.

There already exists a dangerous precedent. In the winter of 1960-61 proposals to modify municipal workers' pension schemes led to an outbreak of stoppages that quickly spread to national strike proportions and toppled a Christian Democrat-Liberal government similar to today's.

Moreover, there remains the constant possibility that any one of the many issues that continue to divide Belgium's Flemish and French-speaking communities could break the Government and, in the current mood, dangerously split the country.

There is also a growing apprehension that, if the current Government came so to under-represent the Left-leaning South, the French-speaking radicals might try to use the newly established system of regional government to promote an *unconstitutional* Opposition to central government, if not actual separatism.

On the other hand, there remains a powerful tradition of moderation and measured thought in Belgium: one often bears with the ring of truth that "even Belgian radicals are conservative."

Predictions

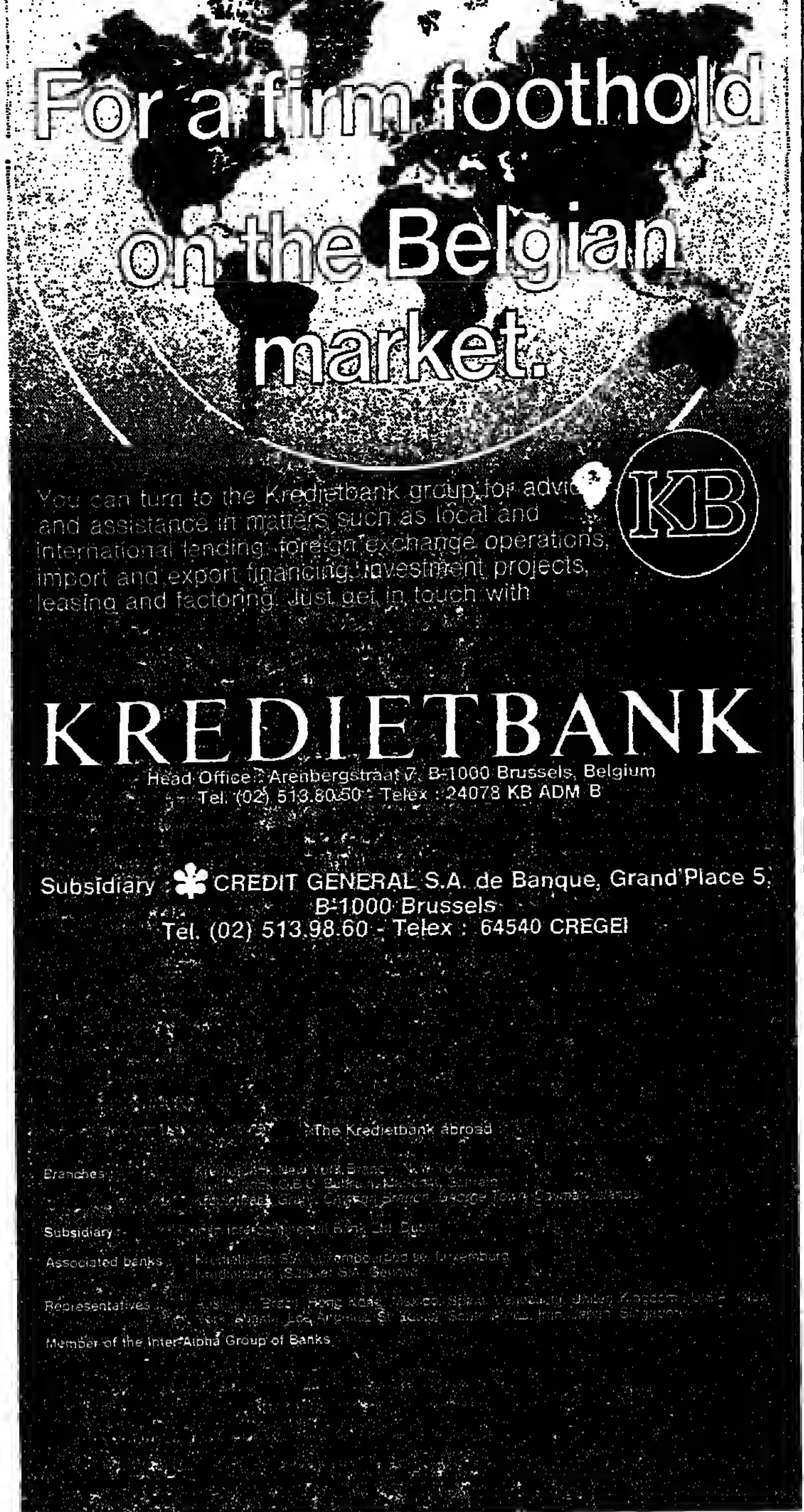
A long list has been built up over the years of predictions wrongly forecasting the destruction of Belgium as a unified nation. Logic has suggested that the country should have split up years ago, or even now. But the cultural attachments of the two communities should not be confused with real political motivation.

While there is always a real danger that any one issue could spark an irrevocable trend towards separatism, the Belgians on reflection, seem in the end to prefer the independence their uneasy union gives them from their neighbours.

"We dislike the idea of becoming a small part of either the Netherlands, France or Germany, probably as much as they would dislike having us," says a leading Flemish politician. "In one sense, it is all a very friendly arrangement."

CONTENTS

Editorial production by Catherine Darby.



An economy in crisis

Pressure on government to balance its books

WHEN BELGIANS speak wistfully of the smack of firm Government that they hope Mr Wilfried Martens' new coalition will administer to their disorderly economy. they usually mean only one thing. They bope that, above all, the Ceotre-Right Government will tackle the country's runaway public debt.

For Belgium's snowballing state deficit is the nuh of the economic erisis. Until aod uoless the rate of Government spendiog is reined in. the country's recovery will be forfeit. As the Societe Geoerale de Banque, largest of the cleariog banks aod most vociferous of all tbe finaocial institutions in its calls for austerity, put it recently: "The nation canoot get away with mortgaging its future indefinitely."

Belgium's overall debt position has io the past decade deteriorated at a rate more common to Third World couotries than to tbe highly developed European manufacturing economy that it is. The size of the public debt has gone from BFr 838bn in 1970 to just four times that—BFr 3,129bn—in tbe closing mooths of last year.

BASIC STATISTICS	
Area:	31,000 sq km
Popnlation:	9.86m
GDP:	BFr 3,483bn (U.S.$119bn)
Per capita:	BFr 353,245 (U.S.$12,080)
TRADE (1980)	
Exports:	U.S.$55.024m
Imports:	U.S.$51.103m
TRADE WITH UK (1980)	
Exports:	£2,596.96m
Imports:	£2,624.11m
Unemployment:	517,000 or 12.7 per cent of labour force (Oct '80)
Inflation:	7.8% (Oct '81)
Foreign exchange reserves:	U.S.$3,990m (Sept '81)
Currency:	£ = 72.475 Belgian francs

Dramatic

The figures for total Belgian debt, the collective sum that embraces all ceotral Government liabilitles, are more dramatic still when placed in an international cootext. It is calculated that the total debt now represents 56.3 per ceot of Belgium's Gross National Product (GNP), wbich last year stood at around BFr 3,500bn. West Germany's collective debt stands at some 15.5 per cent of GNP, that of the UK is 22.8 per cent and of tbe U.S. 28.1 per cent. Put another way, pnblic debt per head of Belgium's working population bas oow climbed to around BFr 750,000.

The speed with wbich Belgium's state debt has veered out of control bas had a twio effect—the country is more vulnerable than ever to dwindliog ioternatiooal confidence, thanks to its growiog dependence oo foreign borrowings, while its uncertain domestic politics are also made more volatile.

On the domestic front the problem has been that the political and economic rivalries separating the Dutch-speaking Flemish aod francophone Walloon communities have prevented reform of government spending practices. Each side jealously guards its existing share of public disbursement, so that Belgium has been deadlocked into a pattern of rising state expenditure at a time wheo receipts were falling because of the recession. Equally, the same issue of public indebtedness has been the one that has made Belgium's coalition governmeots so vulnerable to collapse.

The economic effects of that bave been serious, and failing a turnaround such as that being aimed at by the new Martens governmeot could be disastrous. Societe Generale de Bannue has now warned that Belgium would witness what it terms an "implosioo" of the economy, a chain reaction in which company failures will drastically reduce the level of state reveoues, and whicb will io turn lead to further company failures.

Crowded out

The key to this fission, it suggests, is the speed with which iodustry is being crowded ont of the domestic capital market by the state's demands. In 1975 the state accounted for less than half of Belgium's gross borrowing requirements—BFrs 158bn out of a total BFrs 355bn, with the balance of BFr 197bn going to corporations aod individuals. By 1980 the state's demaods bad gone to BFr 409bn on a gross figure of BFr 640bn, so that the state was mopping up almost twice as much as industry. To drive the point bome thoroughly, the available funds oo the domestic market bad gooe from BFr 322bn in 1975 to BFr 400bo in 1980, and were thus BFr 9bn less than the state's total requirement.

The result bas been, of course, that Belgium has in the short period of two years become highly dependent on the Euromarkets. To finance a net borrowing requiremeot that has gone from BFr 182.8bn in 1978, or 6 per cent of GNP, to BFr 413bn, or 11.4 per cent of GNP, last year, the Government has found itself forced to rely increasingly on foreign borrowing.

Until 1979 Belgium had for a decade eschewed borrowing abroad. But io that year the rising tide of state debt and the oeed to prevent government paper from mopping up too much domestic credit to the detrimeot of Belgian industry forced a reversal of that policy. The result today is a foreign debt that has soared rapidly to about BFr 270bn. Ao indicatioo of the speed with which the Belgian Governmeot embraced the soft option of foreign horrowing ia that for the first half of 1981 the Treasury's foreign currency debt rose by BFr 115bn, while in the corresponding 1980 period it had grown by just BFr 73bo.

Belgium ia now caught between a domestic capital market that maoy Brussels hankers are describing as "saturated" by the public sector demands still being made on it and ao internatiooal capital market that is begiooing informally to debate tbe state's Triple A borrower status. Belgian economic analysts have, since the latter half of the seventies, beeo warning that the Government's indebtedoess cannot continue to grow so exponentially. It looks as if the moment of truth they cautioned against is fast approachiog — either the Martens Governmeot acts to bring the books back towards halance or the worried world markets will begio to place great pressure on the Belgian franc.

G. M.

Battle against devaluation

HOW MUCH longer Belgium can stave off a devaluation has become popular speculation, and clearly not just in Brussels. On at least three occasions last year, the first in February, the secood in August and, most recently, in the middle of November, the National Bank has intervened massively behind the franc to embarrass and deny speculators their profits. Last year it is believed to have spent BFr 310bn in defeoce of the curreocy.

The currency has oscillated up and dowo its permitted range in the Europeao Mooetary System but the downs last much longer than the ups and the franc appears imprisooed by a law of financial gravity. Last month's ioterveotion, which in 24 hours took the franc from the bottom of the EMS grid to the top, will not have cowed the speculators since many believe the political and finaocial arithmetic seems to poiot inexorably in the direction of devaluation.

Such is Belgium's traditional reluctance to bow to forced devaluatioos and so strong is the conviction in government circles that devaluation is nowhere near the top of the list of necessary economic measures, however, that it would be foolish to draw firm coocIusions one way or the other.

Moreover, it is worth remembering that the Belgian franc has been devalued this year against the curreocies of Belgium's main trading partners, Germaoy and the Netherlands. This occurred as a result of the general realignment of EMS curreocies on October 5, largely precipitated by the strength of the D-mark and constant speculation against the French franc. During these oegotiatioos Belgium's caretaker government came under some pressure from France to joio France and Italy in a devaluation. But the Government stood firm, arguing that such a major policy decision was beyood its authority.

Depreciation

As a result, the Belgian franc was effectively devalued against the DM and the Dutch guilder, which were revalued by 5.5 per cent, while it was revalued by 3 per cent against the French franc and the Italian lira, which were devalued by this amount.

Kredietbank has estimated that the effective depreciatioo of the Belgian fraoc resulting from the realignment was around 1.5 per cent. More significantly, it pinpoints the arguments against further devaluatioo in Belgium's current circumstances by estimating that the resulting increase in consumer prices will be 0.5 per cent with an additional inflation effect of 1 per cent. This stems from the country's wage indexation system which rapidly reflects increases in domestic prices and then adds to them by raising wages in a classic wage-price spiral.

The political/financial consensus in Belgium is convinced that without major changes in the indexation system a devaluation would bring few benefits. Higher import prices would lead to higher wages and a further deterioration in competitiveness. This is a sacrifice which the economy cannot afford since the decline of Belgium's price competitiveness in its major markets already stands at around 15 per cent over the past six years.

Attempts by successive Belgian coalition governments over the past year to revise the iodexation system have foundered in the implacable opposition of the trade unions and the Francophone Socialists. The oew Christian Democrats-Liberal coalitioo headed by Wilfried Martens is seeking to achieve real reforms and the attempt to win public acceptance will be a real test of the legitimacy of this government. If it were to succeed, then aome analysts might be tempted to believe that the scene was set for a devaluation.

Deterred

Agaio, however, the Government might be deterred by the immediate impact of a devaluation on the balaoce of payments. Belgium's current account deficit has beeo harshly increased by oil price rises on the import side and, oo the export side, by sluggish growth in world trade and decliniog price competitiveness.

As a result, the current accouot deficit looks likely to climb to slightly over 7 per cent of GDP this year, compared with 2.9 per ceot in 1979 and an average surplus of 0.4 per cent between 1970-79. This savage deterioratioo is ooe factor io the franc's persistent weakness.

Aoother is the enormous rise in the public sector borrowing requirement from 6.5 per ceot in 1979 to BFr 530m, or close to 13 per cent of GDP. The determined support of the franc, based increasingly on overseas borrowing, has made the Government financing problem worse because high international interest rates have brought substantial increases in interest charges, which this year will amount to about half of the borrowing requirement.

The political paralysis of the last 18 months has allowed the public finance problem to spin out of cootrol and one of the first priorities of the new Martens government will have to be drastic pruning of public spending possibly allied to tax increases.

The domestic pro-devaluation lobby argues that soaring unemployment (now more than 12 per cent) has placed an enormous burden on the country's social security bill and that the problem stems directly from the battle to save the franc.

Real interest rates of 8 or 9 per cent, it is argued, have brought huge bankruptcies and unemployment and, this year, a decline in GDP. Devaluation, it is said, would lower interest rates, increase exports and give a new lease of life to the Belgian economy. The move would, they say, have to be accompanied by selective controls on prices and incomes.

John Wyles

The out of work queue up in Brussels: the problem is to maintain competivity while protecting jobs

Highest jobless rate in Europe

BELGIUM'S inflation rate, commented a leading Brussels bank receotly, "is probably tbe only positive factor io tbe Belgian ecooomy." The figures seem to bear out that statement. The rate eased last year to 6.5 per ceot from 1980'a 6.7 per cent aod could be heading back towards the 4.6 per cent of 1979.

Belgium's German-style inflatioo rate is much more a matter of oecessity than virtue. With Belgian exports accounting for rather more tban balf of all industrial output and West Germaoy and the Netberlands taking over 40 per cent of those exports, retaining a competitive edge with those two trading partners is crucial.

Exports are the Belgian economy's lifeline. Their importance accounts for the country's other notable economic achievement—a Japanese-style performance which during the 1970s saw productivity improve by approaching 90 per ceot overall. In the face of shrinkiog demand world-wide and resentment by some industrialised countries at Belginm's disproportionate share of their own domestic markets, Belgium's export industries during the trade doldrums of 1980 nevertheless boosted their foreign sales by 3.1 per cent in volume aod 13.5 per cent in value.

Stagnation

For 1981 the signs are that Beglian exports by and large beld their own in international markets, altbough by Belgian standards tbat is regarded as "stagnation" and accounts for the country's dip ioto negative growth with a likely 0.5 per cent drop in the Gross National Product.

The hroad picture of Belgium's export-led performance in recent years is, however, impressive, for it rightly conveys the image of a small but highly industrialised economy that has adapted well to shifting trends. In the past 20 years Belgian-bnilt vehicles, machinery and chemicals have taken up the alack left first by the ailing textiles industry and oow by steel.

The reverse side of this coin, though, is that the deflationary situation and the productivity gains have led to a staggering increase in unemployment—and funding that is largely responsible for the Government deficit now, weighing down the whole economy. With Belgium'a wage rates now reckoned to be the highest in the industrialised world, outstripping even Sweden's, the response of employers has been to pare their workforces to the bone. To put Belgium's productivity achievement into perspective, it bas unfortunately been a matter of fewer workers producing much the same volume of goods, rather than the same number of workers producing a steadily expanding volume.

EMPLOYMENT		
1980 ('000)		
Civilian labour force		4,062
Civilian employees		3,128
BY SECTOR		
	'000	% of total civilian employees
Agriculture	1	0.4
Industry	1,199	38.3
Services	1,918	61.3
Source: Eurostat		

The steep rise in the numbers out of work bas shot Belgium to the top of the league in the EEC. In 1974 registered unemployment stood at 124,000 and caused grave concern wben in 1975 it rose almost 70 per cent to 208,000 as a result of the post-oil sbock recession. Unhappily, its momentum has never faltered, however, and the total now stands at well over 500,000, with working age men currently accounting for the rising curve at a faster rate than any other section of the population.

Last year it gathered speed at a pace hard to credit, the rate rising from just over 10 per cent to around 13 per cent, according to EEC figures.

Political trouble over unemployment—the levels are expected to rise still further—cannot be ruled out. There remain large sections of francophone Wallonia's steel and engineering industries still vulnerable to shakeout or even closure. Generous benefits have so far defused resentment but the new mix of structural youth unemployment and the laying off of skilled men is clearly a volatile one.

Belgium's bew Government now has the task of steering the economy between the Scylla of this worsening jobs crisis and the Charybdia of losing its vital export markets through taking measures that might improve employment at the expense of competivity.

It is too early to tell how the Martens administration's planned economic measures will affect either problem. The tax cuts and incentives being proposed are aimed at encouraging new iodustrial investment and stimulating exports but the cutbacks on public apending required to limit this year's budget deficit for the state to about two-thirds of what it would otherwise bave been are certain to cost dearly in public sector employment.

G. M.

UNEMPLOYMENT BY REGION	
December 1980	('000s)
Total unemployment	430.4
Flemish region	238.6
Walloon region	148.8
Brussels region	43.0
Antwerp	62.4
Brabant	86.9
Hainanlt	65.2
Liege	54.6
Limbonrg	42.4
Luxembourg	6.2
Namur	13.6
East Flanders	55.9
West Flanders	43.2
Source: Eurostat	

Belgian charms wear thin for foreign investment

PERHAPS countries, like city neighbourhoods, go through periods of being fashionable. A combination of advantages, some real, some imagined, may for a decade or so draw in foreigners and foreign investment all anxious to share the same address. Then the attractions starts to sour, one or two good names leave, property values start to fall and a general decline sets in.

This is becoming the story of Belgium over the last 20 years. Brussels, in particular, was transformed in the early 1960s by naive expectations that it was destined to be the capital of Europe. Thousands of Eurocrats moved in to work for the EEC institutions and in their wake came the multinational companies anxious to keep close to what might be a political giant but also aware that Belgium's geographical location made it suitable for European headquarters.

Manufacturing investment came, too, so that in the 1960s 80 per cent of all factories in Belgium were built by foreigners. As a result, foreign firms now account for one manufacturing job in three, a third of the country's exports and 45 per cent of total industrial assets.

For the foreign investor, however, Belgium's charms have been fading. The depressed commercial property market in Brussels is one indicator; the number of multinationals, from RCA to General Electric from Gulf Oil to Sheraton Hotels, which have moved their administrative headquarters elsewhere, is another.

In the early 1970s foreign investment annually created 6,000 manufacturing jobs. Last year, the figure was little more than 500. The loss of American goodwill is particularly marked. Between 1959 and 1968 American companies provided 65 per cent of all foreign investment in Belgium. In 1979, they accounted for only 29 per cent of the total.

With Belgian unemployment the highest in Europe and the country looking forward to minimal growth over the next two to three years, this is clearly the wrong time for the country to go out of fashion. In business, fashion can be somewhat more precisely defined than in other areas. Foreign investment poured into Belgium because of its location facilitating distribution throughout Europe, the availability of its labour, and the government incentives and subsidies.

The foreign-owned manufacturing sector now believes, however, that Belgium's commercial climate has turned against it. This opinion was most vividly highlighted by a wide-ranging survey published early last year by the American Chamber of Commerce in Belgium.

Nearly one quarter of the 457 companies which took part in the survey believed that the factors originally attracting them to Belgium were no longer valid. Sixty seven per cent of these malcontents were manufacturers which were principally disenchanted with increases in manufacturing costs and the decline in government incentives and subsidies.

Wages in Belgium are among the highest in Europe, but employers are increasingly concerned that non-wage costs (social security, holiday bonuses, sick pay and so forth) can add another 50 per cent to the wages bill. One of the best productivity records in Europe has helped to compensate for this, but foreign companies, particularly U.S.-owned companies, have become steadily discouraged by the rates of corporate and individual taxation. Corporation and other supplementary taxes have carried the taxation rate to above 55 per cent. Added to that is a relatively high rate of personal taxation which bas required many American companies to pay a compensating differential to their executives.

This is one reason for the decline in the number of Americans employed in Belgium. The Chamber of Commerce survey showed that 33 per cent of American companies in Belgium bave reduced their American staffing since 1976. A little over 42 per cent reported no change and 7.6 per cent an increase. Again, the picture is of manufacturers exhibiting the greatest strain: nearly half of those cutting down on their American personnel were from this sector.

Overall, companies reducing their American employment cited the following main reasons for doing so: the development of local management capability, corporate reorganisation, the rising executive compensation costs for Americans and the increased burden of Belgian taxes and social security.

The picture is not one of unremitting gloom. Most of the companies planned to maintain or increase the size of their labour force over the next three or four years. Moreover, the basic strengths which attracted foreign investment either remain (geographical advantages, a reliable and productive workforce) or can be recreated.

Successive Belgian governments have been aware that the golden goose of foreign investment is being frightened off, but efforts to deal with the structural problems of high taxation and social security costs have fallen foul of the political deadlock of the last two years. The new Martens government is bound to make some-fresh efforts. If, bowever, it fails to demonstrate that the Belgian neighbourhood knows when and bow to apply the necessary lick of paint, then the solid citizens may well continue to move out.

J. W.

TEN BIGGEST COMPANIES

	1978	1979	1980	1981
BANKING (BFr bn)				
Banque Bruxelles Lambert:	(year ending September 30)			
Unconsolidated balance sheet ...	—	613	692	832
Consolidated balance sheet ...	—	642	753	924
Unconsolidated net profit ...	—	706	394	723
Consolidated net profit ...	—	1,040	512	1,112
Societe Generale de Banque:	(year ending December 31)			
Unconsolidated balance sheet ...	748	856	1,002	—
Consolidated balance sheet ...	797	922	1,089	—
Unconsolidated net profit ...	1,892	1,990	1,912	—
Consolidated net profit ...	1,885	2,085	2,009	—
Kredietbank:	(year ending March 31)			
Unconsolidated balance sheet ...	375	430	486	—
Consolidated balance sheet* ...	n.a.	n.a.	560	—
Unconsolidated net profit ...	1,700	1,735	1,824	—
Consolidated net profit ...	n.a.	n.a.	1,822	—
* Kredietbank changed its reporting procedure in 1981.				
CHEMICALS				
Solvay:				
Turnover (BFr m) ...	95,100	121,000	138,500	†77,626
Net profit (BFr m) ...	3,200	5,100	2,000	‡−995
† January-June. ‡ Industrial net consolidated without holding companies 1981.				
Union Chimique Belge:				
Turnover (BFr bn) ...	17.8	20.3	23.0	—
Net profit (BFr m) ...	55	330	219	—
OIL				
Petrofina:				
Turnover (BFr bn) ...	227	279	339	—
Profit (BFr bn) ...	6.0	8.3	2.0	—
INDUSTRIAL				
Société Générale de Belgique:				
Assets (total) (BFr bn) ...	26.00	24.80	25.07	—
Net profit (BFr m) ...	1,178	889	950	—
RETAILING				
GB/INNO/BM:				
Turnover (BFr bn) ...	84.0	93.0	100.5	††+6%
Profit (BFr m) ...	716	790	774	—
† To end-November.				
STEEL				
Cockerill:				
Turnover (BFr bn) ...	52.0	48.8	45.8	§37.4
Loss (BFr bn) ...	−6.4	−2.4	−6.8	§−6.7
§ January-June includes Hainault Sambre.				
UTILITIES				
Intercom:				
Turnover ...		undisclosed		
Profit (BFr bn) ...	3.7	4.2	4.7	

Energy bills swell trade deficit

LITTLE BELGIUM is a big trading nation—a fact, however, that is sharply double-edged.

In prosperous times the country's highly productive, export-orientated industry is able to take quick advantage of trading opportunities as they open np throughout the world. Equally, in times of economic recession the setbacks are just as quickly felt and often more severely experienced than in most other countries.

The country is currently struggling in the second of these situations and while the outlook has improved somewhat over the past few months the future can bardly be described as bright.

The effects of increasing energy prices coupled with the impact of recession on the country's traditional customers have been stern and swift: an immediate rapid rise in Belgium's overall trade deficit with a further deterioration in its terms of trade.

After gradually managing to stabilise its trade deficit following the 1973-74 oil-price "shock," Belgium suffered a record trade deficit in 1980 of BFr 210bn, and the latest figures for the first nina months of last year are already showing a deficit of nearly BFr 217bn. Of this total, BFr 214bn is the result of the country's increasing energy bill, which has leapt by about 50 per cent following the second oil-price shock in 1979-80.

No resources

Apart from an aged and ailing coal industry, Belgium has no indigenous energy resources of any consequence.

The importance of trade to this nation of only 10m people becomes strikingly epparent when its performance is compared with the OECD area's two industrial giants: the U.S. and Japan.

With a population of less than a tenth of Japan's and only a twentieth of that of the U.S., Belgium's exports and imports are both worth in value terms nearly 30 per cent of Japan's and more than 50 per cent of those of the U.S.

Both Belgium's exports and imports represent in value terms the equivalent of abont 50 per cent of the country's Gross National Product (GNP) against only about 8 per cent for the U.S. and around 10.5 per cent for Japan.

Prime Minister Wilfried Martens made crystal clear at his news conference to launch his new Government that his economic policy was aimed foremost at restoring the country's competitiveness abroad.

Dismissing suggestions that the Government's economic recovery plan was deflationary, Mr Martens emphasiesd his proposals to encourage expansion and new investment through tax incentives, to control industry's costs through tax cuts and limited wage rises and to stabilise the Belgian franc through a clampdown on public borrowing.

The Government's task is formidable, however. Interest rates remain near record levels in deference to an unstable franc and policies taken in other countries and the price of energy remains virtually ontsida any control by Belgium, while the country's terms of trade continue to deteriorate.

The European Commission, in its latest review of the European Community's economy, forecasts a further 5.5 per cent drop in 1981 in Belgium's terms-of-trade position, with a 6.4 per cent deterioration next year.

Meanwhile, however, Belgium remains a stable, relatively wealthy nation with a long-standing record of improving productivity, and there are some signs of increased economic activity.

While urging caution and pointing out that the medium-term outlook is still "fairly gloomy," economists at both of the leading banking groups Kredietbank and Societe Generale de Banque report emerging indications of an improvement.

The country's export potential had been aided, at least in the short term, by the recent realignment of the European Monetary System. This resulted in an overall depreciation of the Belgian franc, most markedly against the currencies of West Germany and the Netherlands, the country's two main trading partners.

During the third quarter of last year industrial output (excluding construction) is estimated at about 3 per cent over its low point at the end of last year, with corporate investment beginning to show signs of recovery.

The recession-inspired depletion of industrial and trade stocks is also being reversed as final demand is improving, especially in the U.S. and Opec countries, where Belgian exports have recovered noticeably because of their increased competitiveness in the dollar zone.

"Taking account of the fairly favourable short-term prospects," says Kredietbank, "it is almost certain that, after having declined by about 1 per cent in 1981, real GNP will, on average, again be slightly up in 1982."

Both banks tread warily, however, with Societe Generale stating flatly that while foreign demand could continue to improve, "the upturn forecast for the majority of European countries will probably not have an effect on our exports before the middle of 1982."

L. K.

VISIBLE TRADE 1976-80
($bn†)

	1980	1979	1978	1977	1976
EXPORTS					
EEC ...	46.2	41.0	32.1	26.7	24.2
Non-EEC ...	18.5	15.3	12.8	10.8	8.6
	64.7	56.3	44.9	37.5	32.8
IMPORTS					
EEC ...	45.3	38.9	33.6	27.3	24.0
Non-EEC ...	26.6	21.6	15.0	13.1	11.5
	71.9	60.5	48.6	40.4	35.5
WORLD ...	136.6	116.8	93.5	77.9	68.3
BALANCE ...	−7.2	−4.2	−3.7	−2.9	−2.7

† At average annual rate against the European Unit of Account.
Source: European Commission.

1981: THE FIRST NINE MONTHS
(BFr bn)

		Increase on 1980 period	Increase on 1979 period
Total imports ...	1,701.3	+ 9.9	+ 21.7
Total exports ...	1,484.4	+ 5.6	+ 16.9
Balance ...	−216.9†		

EXPORTS BY DESTINATION

		% of total	Increase on 1980 period
Industrialised countries	1,261.8	85.0	+ 3.7
(EEC) ...	(1,033.1)	(69.6)	(+ 2.0)
Third World ...	172.2	11.6	+ 16.9
(Opec) ...	(78.7)	(5.3)	(+ 22.3)
Communist ...	34.1	2.3	+ 14.9
THE MAIN COUNTRIES			
West Germany ...	297.5	20.0	− 2.7
France ...	282.3	19.0	+ 6.6
Netherlands ...	221.4	14.9	+ 2.9
UK ...	124.5	8.4	− 0.5
Italy ...	75.2	5.7	− 3.2
U.S. ...	62.3	4.2	+ 31.7

† BFr 214bn is accounted for by the deficit in energy products.
Source: Belgian National Institute for Statistics.

Profiles of key personalities

Streamlined Cabinet is strong in expertise

The new Centre-Right Cabinet installed at the end of the year, is a streamlined version by Belgian standards but at the same time one that is uncharacteristically strong in expertise by the inclusion of two former Prime Ministers from the same party as the current Premier, Mr Wilfried Martens.

The new Christian Democrat-Liberal coalition replaced the Christian Democrat-Socialist Government led by Mr Mark Eyskens, who had acted in a caretaker role since the fall of his coalition in September.

Mr Eyskens, who was Finance Minister before succeeding Mr Martens as Prime Minister in the spring, remains in the new government as Economies Minister.

Another past Martens rival, former Prime Minister Leo Tindemans, returns to government, after a three-year absence, as Foreign Minister. Mr Martens was understood to have wanted both men in his Cabinet to share responsibility for the tough economic measures that the new government plans to take.

All three men are from the Christian Democrats' powerful Flemish wing, which represents the political majority in the dominant north of the country.

Mr Tindemans steps in at Foreign Affairs in place of Mr Charles-Ferdinand Nothomb, the French-speaking Christian Democrat who becomes a Vice-Premier and Minister of the Interior.

While Mr Tindemans's appointment had been widely rumoured, its confirmation was welcomed by those who had been worried that a new coalition might not have had the depth of experience to deal effectively with Belgium's six-month term as President of the EEC Council of Ministers, which began on January 1.

Mr Tindemans is one of Belgium's best-known and more experienced leaders who, as a "committed European," has headed the Europe-wide Christian Democrat movement since 1976 and has been a Member of the European Parliament for the past two years.

The two other prominent politicians returning to government are both from the Liberals, the conservative party which scored the biggest gains in the November 8 general election.

Mr Willy de Clercq, the outgoing President of the Flemish wing of the party and twice Finance Minister, becomes a Vice-Premier and regains the Finance portfolio.

Mr Jean Gol, the outgoing President of the French-speaking wing of the Liberals who served in one previous government as a junior minister, also becomes a Vice-Premier, with the Justice and the State Reform briefs.

The new 15-member Cabinet—slimmed down at Mr Martens' insistence from the traditional 22 to 25-member version—is as follows:

- Prime Minister: Wilfried Martens (Flemish Christian Democrat).
- Foreign Affairs: Leo Tindemans (Flemish Christian Democrat).
- Finance and Foreign Trade: Willy de Clercq (Flemish Liberal).
- Economics: Mark Eyskens (Flemish Christian Democrat).
- Justice and State Reform: Jean Gol (French Liberal).
- Interior and Civil Service: Charles-Ferdinand Nothomb (French Christian Democrat)
- Defence: Alfred Vreven (Flemish Liberal).
- Public Works: Louis Olivier (French Liberal).
- Communications: Herman de Croo (Flemish Liberal).
- Employment: Michael Hansenne (French Liberal).
- Education: Daniel Coens (Flemish Christian Democrat) and Michael Tromont (French Liberal).
- Budget, Science and National Plan: Philippe Maystadt (French Christian Democrat).
- Brussels Region and Small Business: Albert Demuyter (French Liberal).
- Social Affairs and State Reform: Jean-Luc Dehaene (Flemish Christian Democrat).

L. K.

Tindemans comes in from the cold

LEO TINDEMANS is back in government. After three years in the cold, Belgium's veteran former Prime Minister returns as Foreign Minister in the Government formed in December 1981. It is a move that will not only be welcomed by many Belgians but by other Europeans too, for he takes over the key foreign affairs portfolio just as Belgium assumes the presidency of the EEC Council of Ministers.

For Tindemans, as he approaches his 60th birthday, the decision to serve in the fifth coalition to be led by Mr Wilfried Martens, who ousted him from the Premiership in early 1979, must have been a bittersweet one. The conviction that he himself remains the Flemish Social Christian politician best qualified to lead Belgium toward economic recovery clearly still burns strongly. The appeal of occupying the centre-stage of EEC policymaking as President of the Council of Ministers, however, was evidently too strong to resist.

Leo Tindemans is one of the enduring "barons" of the dominant CVP Social Christian party. His fiefdom is Antwerp and northern Flanders, and in Belgian politics his strength is a mixture of local constituency power and international reputation. An academic reputation gained at Harvard as well as at Belgian Universities — and crowned with his well-known report on European unity—has ensured Tindemans a stature that most other Belgian politicians must envy.

The crucial question now, though, is whether or not he can ever make it back to the Prime Minister's offices in Brussels' rue de la Loi. His detractors say he peaked early: he gained the premiership in 1974 at the age of 52 and held it until late 1978 when disagreements inside his government over reforms to tackle the Flemish-Walloon "language war" forced his resignation and a general election.

His supporters nevertheless reckon that the Foreign Ministry may prove to be a stepping stone on the path back to the top job. Certainly, his appointment appears to be a calculated risk for Mr Martens: while Tindemans remained, sometimes obstructively, outside government as President of the CVP party, such apparent sulkiness steadily eroded the credibility of an eventual comeback. In office, Tindemans' talents are likely to rebuild his political standing.

G. M.

Fifth time round for Martens

"FIVE TIMES Prime Minister" could easily be thought to describe the epitome of a life-long career, but in the case of Mr Wilfried Martens it may only signal a point somewhere midway in his political life.

"Five times Prime Minister—in two and a half years" may also say less about Mr Martens than it does about Belgian politics. Belgium has seen 38 governments in as many years, with the latest already dubbed Martens V in the Belgian nomenclature used to sort one out from another.

Nevertheless, Mr Martens remains, at 45, the youngest of the EEC Prime Ministers and has again demonstrated considerable political courage by returning to government so soon after being unceremoniously dumped as Premier last spring during a bout of in-fighting within his own Christian Democrat Party.

Moreover, his task remains the same as it was in the spring: to steer through his Cabinet and then Parliament a series of potentially highly unpopular economic measures.

Mr Martens' first coming to prominence and power was at once sudden and at the same time the result of years of preparation. He emerged from relative obscurity as Prime Minister after 100 days of political deadlock following the December 1978 general election. He had, however, long been influential behind the scenes.

He began his political career by securing the leadership of Flemish political organisations while studying law at the Catholic University of Louvain.

After university, he practised as a barrister in his home city of Ghent, while working his way up to become president of the powerful Flemish wing of the Christian Democrats.

He served as adviser to two prime ministers during the 1960s, while building his current reputation as a no-nonsense, honest political leader trusted by both Flemish and French-speakers.

While his honesty, capacity for hard work and political skill are widely acknowledged, he has come under considerable criticism for being indecisive and lacking in forcefulness.

However, following his political battering in the spring (which he received bitterly, but chose not to criticise publicly), he has forcefully seen to it that his main political rivals are included in his Cabinet to share the responsibility for the new Government's tough economic programme.

L. K.

King Baudouin of the Belgians, who could become the only "institution" to bridge the divide between the two communities

Royalty plays a central role

NOW AGED 51, King Baudouin is one of the world's longest-reigning monarchs.

The king is constitutionally required to be at the centre of every Belgian government crisis, which on average occur about once a year. Yet, at the same time, he must be seen to stand apart from party politics and above the almost constant "linguistic" quarrels between this divided country's Flemish and French-speaking regions.

By most accounts he has succeeded remarkably well since becoming king more than 30 years ago on the abdication of his much-criticised father, Leopold III, who is now 80.

For a time clearly diffident and shy, and visibly upset during the early years of his reign by thoughts that his father should still be on the throne, he grasped his role as king after a highly successful tour at the age of 24 of the Congo, where he was literally hailed as Bwana Kitoko (handsome chief). Since then he has matured into an unassuming man with considerable charm who is widely respected on both sides of the linguistic frontier.

Almost as a measure of his popularity, the only widespread criticism of the King is that he is too reserved, not outgoing enough, too "serious." "Even so," says a confidant of the King, "the Belgian people are themselves "serious" about their king. They wouldn't want him to joke, as the British expect their royalty to do."

"He is also very careful, knowing full well the importance of his words. If he says he likes roses, he will have nothing but roses. If he says he likes ice cream, he will have nothing else for dessert at any banquet for the rest of his life."

An even more serious business is his role as mediator and catalyst between Belgium's many and diverse political parties. The King constitutionally must, after extensive consultation, designate potential prime ministers who in his view have a chance to form a workable coalition to govern the country.

King Baudouin is also very much aware that he may be the only "institution" able to bridge the divide between the two linguistic communities should the country move further towards federalism.

L. K.

Return of De Clercq to government

MR WILLY DE CLERCQ, the dynamic 54-year-old Finance Minister, returns to national government after leading his conservative Flemish Liberal Party to almost unprecedented gains in the November 8 general election.

"He is the Liberal party," says one leading Flemish politician who also makes plain that he is not a fan of the man, personally.

"You don't have to like him to recognise his intelligence, political ability and capacity for productive work. He is an important addition to a government whose task is to sort out a hard-pressed economy."

He is a chic dresser, preferring tabby-coloured fur coats in contrast to his colleagues' conservative pin-stripes but, in terms of personality, he wears an air of distinct solemnity.

Indeed, while reading is his declared favourite pastime, it does not embrace any fiction but almost entirely comprises books on finance and reports on international monetary activities. He sleeps only five or six hours a night, topped up with cat-naps, and during a previous four-year stint as Finance Minister only took 10 Sundays away from work.

Born in Ghent into an industrialist family, he took a degree in law at the University of Ghent and a Master's degree at Syracuse University, New York.

He entered Parliament in 1958 and has held high office in several governments, twice as Deputy Premier, holding either the Finance or Budget portfolios.

One of his rare moves towards controversy has been his increasingly strong stance on regionalism in line with the conservative shift of the Flemish electorate.

"He is not really a federalist and privately remains a strong unitarist," says a colleague. "He dislikes all controversy. But he is one of our better politicians."

L. K.

Spitaels is the key opposing leader

THE Socialist Party was "not going to incite revolution," but neither would it remain on the sidelines watching the workers go into action against the Government.

This was the immediate response to the formation of the new Centre-Right national government from Mr Guy Spitaels, a reaction typical of the moderate leader of the militant French-speaking Socialists.

Mr Spitaels, as president of the powerful trade-union supported French wing of the Socialist Party, is probably the key leader in the new parliamentary Opposition.

Not only will he figure largely at national level in whatever action the unions take to oppose the new Government's proposed tough economic measures, he will also be much involved in the policies of the new, directly elected, Socialist - dominated regional Government for the French-speaking south of the country.

The 50-year-old scholar-politician was born and reared in the south-western town of Ath and educated in political science and social studies at the Free University of Brussels. He held several distinguished teaching posts while becoming a committed Socialist leader through a 20-year participation in union-sponsored seminars and round-tables.

Mr Spitaels, described as a man of "reflection as well as passion," became a provincial Senator in 1977, after which he held a succession of posts in national government as Budget Minister and twice Deputy Premier with the Employment and Communications portfolios.

Though described by detractors as a salon socialiste he has taken a strong stand on establishing the French-speaking south as a region with greater autonomy and is expected to be in the forefront of opposition to Government economic policy.

"He has been transformed into an uncompromising man on regional policy," says a close colleague of long standing, "but if he can consolidate his party leadership, his radical conversion may be temporary. He is too brilliant to be too extremist."

L. K.

Dilemma for union chief

THAT THE windows of M Robert Gillon's office should be rose-tinted and filled with a view of Liege's calm and venerable cathedral of Saint-Paul is deceptive. Gillon, 54-year-old leader of the metal workers' Liege area branch of the FGTB trade union, has his sights fixed firmly on Belgium's troubled industrial landscape.

Robert Gillon is among the best-known and most influential trade union chiefs at the head of the FGTB umbrella organisation that groups most of francophone Wallonia's unions. He is thus a highly controversial figure in Belgium today. To Belgian conservatives and even to his own trade union counterparts in Dutch-speaking Flanders he represents the industrial militancy and muscle that risks pricing Wallonia's traditional industry out of international markets.

Moreover, should the austerity measures planned by the new Centre-Right Martens V coalition government bit too hard at the Liege area's state-supported concerns—notably the ailing Cockerill-Sambre steel giant—then Robert Gillon could well emerge as the champion of a breakaway Wallonia. Just 21 years ago he was right-hand man to Liege strike leader Mr Andre Renard when Wallonia was last plunged into a bitter and sometimes bloody five-week general strike, and today the conditions that could lead to confrontation are considerably worse.

Softly spoken, trim and youthful looking, Robert Gillon is, however, no rabble-rouser. Top executives from Liege's major engineering companies privately pay tribute to his flexibility and intelligence as a negotiator, and he himself can be generous in his appreciation of their problems. But in the climate of troubled Wallonia, where unemployment in some pockets tops 30 per cent, neither side can afford to voice such moderate sentiments in public.

Gillon's importance is that his "metallo" (metal bashers) membership would most probably be the detonator in any serious explosion of strike action and separatism in the Liege industrial basin. His dilemma, he has indicated, is to exercise damage control on two fronts—he must limit the inroads being made into the Liege industrial workforces by recession and government cutback, but he must also strive to limit a militant reaction inside the FGTB that would accelerate Wallonia's decline.

G. M.

Davignon: a politician apart

TO BELGIANS, Viscount Etienne Davignon must often seem their "king over the water." Like some Pretender to their political throne, he stands disconcertingly just outside Belgium's domestic political arena and with each successive government crisis becomes the focus of intense speculation as to whether or not he will contest the premiership.

It says much of Belgium's 49-year-old EEC Commissioner that such speculation rarely concerns the possibility that he might relinquish his European Commission responsibilities for EEC industry and energy for any lesser Ministerial post. Davignon's re-entry into active Belgian politics is usually coupled with the idea of a Government-of-all-the-talents, a businessmen's administration that would cut through the tangle of the country's Flemish-Walloon community problem and restore discipline to the economy.

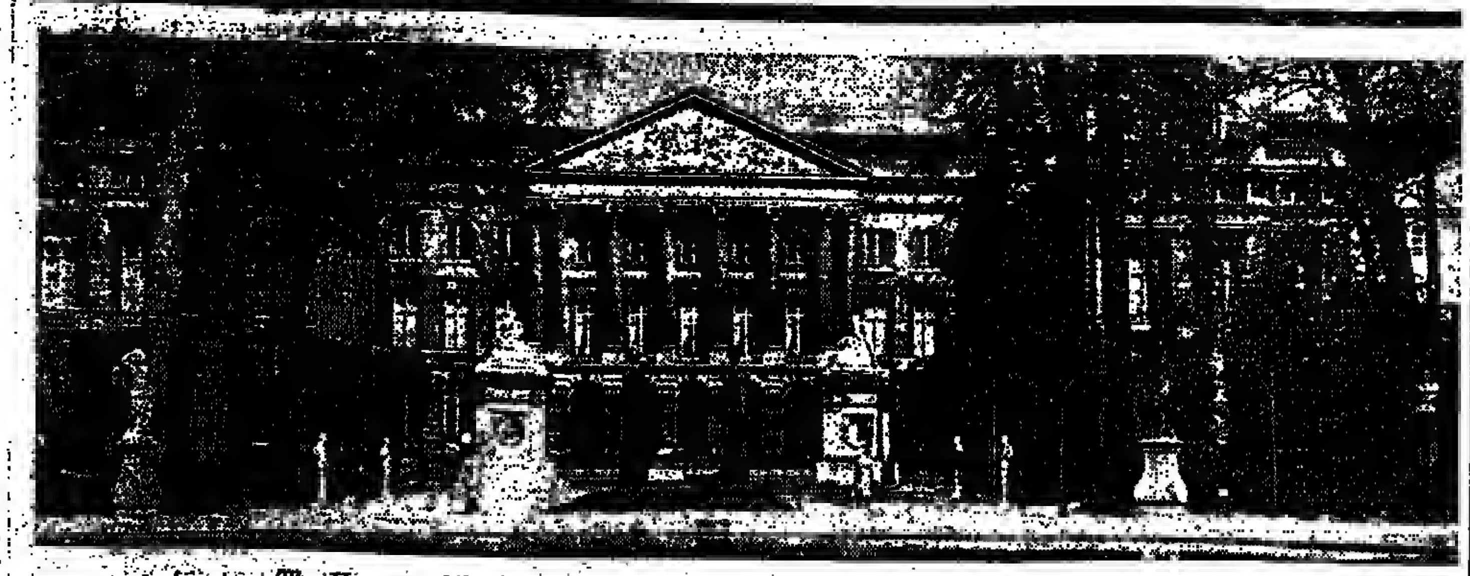
The attractions of such an idea are most probably a reflection of Etienne Davignon's positive, "can-do" image both in Belgium and elsewhere in Europe. For the political pitfalls awaiting such a government are probably deeper in Belgium than in other countries where such notions occasionally surface.

It can in any case be argued quite convincingly that Davignon already contributes as much if not more to the government of Belgium than do many of his compatriots who are Cabinet Ministers. His key role as EEC steel policy supremo at a time when Belgium's major steel industry is in the toils of serious crisis ensures that he is a prominent, if perhaps controversial, figure in Belgian politics.

Polyglot, impressively intelligent, urbane and capable of displaying considerable personal charm, Davignon's continued ascent seems assured. Less clear is which career ladder he will choose to climb when, at the end of 1984, he will have completed his second four-year term at the Brussels Commission. Euro-jobs must be losing freshness for him, and it is often said that every able Belgian in public life inevitably nurtures an ambition to become Prime Minister of his country. He is an assiduous member of the PSC Francophone Social Christian party, yet he lacks that common touch which some say many Belgian politicians have in over-abundance.

G. M.

BELGIUM V



The Houses of Parliament: a fair hearing for all the political parties' opinions makes government a lengthy business

A history of democratic compromises

Belgium has only existed as a country for little more than 150 years, yet it is a leader in continental Europe in the establishment of a firm tradition of parliamentary democracy.

Within weeks of the Belgians' successful August 1830 revolt against their Dutch masters and the absolutist policies of King William I, the new revolutionary Provisional Government established an elected National Congress which, by November, had decreed the legal form that Belgium retains today, a constitutional, parliamentary monarchy.

Notwithstanding several monarchs trying to retain degrees of political power, the occupation of two world wars, and the virtually constant quarrels between the nation's linguistic communities, the evolution away from elitist national administration and to universal adult suffrage continued almost unabated.

Today's legislature, holding supreme power completely independent of the monarchy, comprises a National Assembly of 212 directly elected representatives and a Senate of 106 directly elected members, 50 more nominated by the nine provincial governments and 25 others appointed by the directly elected senators.

While changes in the Senate's role are being proposed under the current regional government reform programme, the workings of the Belgian legislature are similar to the rest of the Western world's bicameral institutions, with one possible exception: the completion of parliamentary business is often strikingly ponderous.

The disagreements between the country's two linguistic halves and the proliferation of diverse political parties and splinter groups mean that many voices must be heard on virtually every issue. Even debates where the vote is a foregone conclusion can stretch across weekends and last into the early hours of the morning.

It is this situation that led the recently installed government to seek special parliamentary powers to implement its economic programme in an attempt to speed legislation by sidestepping prolonged debate.

"When the Belgian system works," says a leading Christian Democrat politician, "it probably produces fairer compromises than anywhere else in the world. This trouble is the almost interminable time it takes to work."

L. K.

Rough regionalism: riot police close in on militant Flemish demonstrators seeking special educational advantages to match those they claim have been given to French-speaking children

'Home rule' for the two regions

WHEN BELGIUM'S two regional governments took office at the end of the year the event was received with a mixture of relief and trepidation.

The relief was born of the widespread hope that, with some degree of regional autonomy in place, the debilitating tensions between the country's two linguistic communities may now be diffused at national level while each gets on with "home rule."

The trepidation came from the country's traditional dislike for extremism and its inherent conservative wariness of the unknown. The fear is that radicals on both sides of the linguistic frontier could use the new regional powers to foster a federalism which, if unchecked, could lead to separatism.

This fear, rarely discussed publicly by the nation's leaders, came very close indeed to breaking out fully into the open last month.

With the date fast approaching for the establishment of the directly elected Regional Assemblies—and no national government yet in place following the inconclusive November 8 general elections, there was a growing feeling that the regions might attempt to fill the vacuum with an assertion of powers not constitutionally specified.

In the event a new national administration was formed, and the regional governments took office on December 22 relatively smoothly, except for a continuing row in French-speaking Wallonia, in the southern half of the country, over the role of the Socialists in the new Regional Executive.

This quarrel, however, is intensely illustrative of the political divisions that permeate Belgian society and the difficulties in resolving them even when, as in this case, the argument is confined to a single linguistic section of the country.

The composition of the executives now in place must legally reflect the political composition of the directly elected portion of the national Senate, but they are too small numerically to represent the full range of the regional parties on a proportional basis.

In the case of the Walloon Regional Executive, the Socialists, while the largest single party in the south, only scored about 37 per cent of the popular vote but under the rules won three places on the six-member executive and therefore an absolute blocking majority.

This is naturally being resisted by the other parties, who nevertheless will probably have to abide with the situation until the proposed reform of the Senate in four years' time. There will then be the legal and more "normal" prospect of the executives being formed on a coalition basis through negotiation by party leaders.

The reform of the Senate, as well as the status of Brussels as a region, still have to be decided before the system of regional government will be fully in place. It is envisaged that the Senate will become solely a regional institution, leaving the present House of Representatives as a unicameral national legislature.

Under the present bicameral constitution, however, the Senate will have to approve the Bill dissolving its own national role. "It will all be very difficult," says one Senator. "It's a bit like asking every one to stand up, then turning out the lights. When the lights go back on, there won't be enough chairs for everyone to sit down. Some will never get a chair again."

Meanwhile the two main regional governments are in place, albeit with strictly limited powers. The two Regional Assemblies comprise the 106 directly-elected Senators and the 212 members of the House of Representatives meeting in groups according to their linguistic affiliation and choosing the regional Executives.

The result is that Flemish-speaking Flanders in the north and French-speaking Wallonia now have their own Parliaments (Community Council and/or Regional Council) and their own governments (Executives).

The Assemblies are, however, asymmetrical, with the French-speaking body split as a result of lack of agreement between the Walloons themselves and their colleagues in predominantly Frenchs-peaking Brussels.

The French-speaking Community Council joins both groups to cover such matters as cultural policy, health services and training, whereas the Regional Council for Wallonia alone is responsible for the regional economy, town planning, water supply, environment protection, etc. The single Flemish Council oversees all its developed powers.

To speak of the regions as "federal states," as many political commentators in Belgium are given to do, is exceedingly misleading, however. In contrast to other federal systems, all powers not specifically delegated to the regions are retained by the central government.

In addition to obvious areas such as foreign policy, defence and overall monetary policy, the central government retains control of such matters as education, general employment policy and most major economic options in key industrial sectors.

Indeed the amount of money being made available to the regions has been criticised by many regionalists as insultingly low. In an analysis of the regions' sources of finance Société Géoérale de Banque—of the country's leading banks—says that direct appropriations toegther with the taxation likely to be repaid to the regions may represent only about 15 per cent of the national budget.

"This percentage seems very small," says the bank, "compared with the 40 to 45 per cent granted to the regions in the majority of federal states existing in the Western world at the present time."

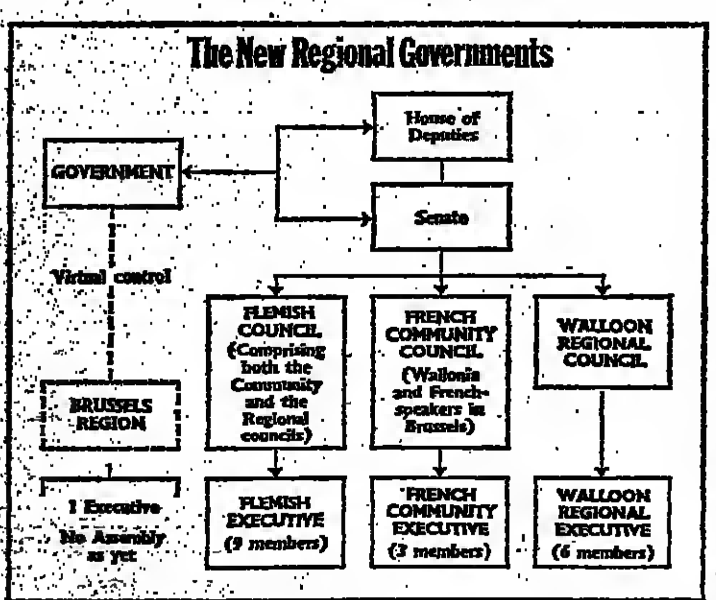
Meanwhile opinion remains divided on what effect the reform will have on the political health of the nation. The general and measured feeling is that, given the complexity of the situation, a long "running-in" period will be necessary before any lasting judgments can be made.

One of the most disturbing prospects to many Belgian leaders is that, with the planned severing of links between central and regional government, the decisions of both could have equal legal force but not be compatible.

The reform programme calls for the establishment of a Court of Arbitration to settle disputes between central government and the regions over their respective powers. But, typically again of this divided nation, the composition and operation of this very necessary institution have yet to be agreed.

L. K.

The New Regional Governments



THE REGIONS COMPARED*
(BFr bn)

	Flanders	Wallonia	Brussels
Population (%)	57.1	32.7	10.2
GDP (%)	56.2	27.4	16.4
Labour supply (%)	57.4	31.3	11.3
Employed (%)	52.2	28.2	19.6
Jobless as % of those insured:			
1970	2.7	5.0	1.8
1975	3.8	6.0	3.0
1980	11.9	14.6	11.7
Real growth (%):			
1966-74	+ 6.2	+ 4.6	+ 3.2
1974-77	+ 1.9	+ 0.8	+ 0.8
Industrial output (ex-building) %:			
1968-74	+ 7.1	+ 5.3	+ 2.8
1974-80	+ 1.3	− 0.4†	+ 0.5
Investment in forming new companies (Fr bn):			
1976	3.8	4.6	0.2
1977	2.6	3.3	0.0
1978	5.6	4.2	2.4
1979	8.6	1.1	1.0
1980‡	2.9	1.2	2.4

* Official regional figures often are not available beyond 1977 but subsequent years are reckoned to be similar proportionately between the regions. † Virtually entirely due to the decline in steel industry. ‡ Provisional. Source: Kredietbank Research Unit.

Middle class and contradictory

A BELGIAN village party is a lively affair. Unlike the more reserved French, Belgians *en fête* tend to cast away the last vestiges of self-consciousness. Strangers are welcomed unquestioningly, and should they fail to enter into the spirit of the occasion then a peculiarly Belgian dance ritual known as the Farandol is guaranteed to break their reserve on the wheel of Belgian joviality. It involves being kissed by one and all, and most determinedly by muscular grandmothers. The only part of it all that a Breughel canvas fails to capture is the noise of over-amplified pop music and the beery odour of Stella Artois *à go-go*.

Yet, quite undeservedly, Belgium suffers from a lacklustre national image. To the several thousand foreigners — other Europeans, Americans and Japanese drawn to Brussels by its status as "capital of Europe" — this country of 10m people often provides little more than a grey backcloth to their own working lives. Belgians themselves sometimes reinforce the prejudice that theirs is an uninteresting country, for when it comes to self-denigration they can outdo even the British.

Far from being a flat, monochrome backcloth, though, Belgium is a patchwork of European culture. It may be hard to bring it all into focus from the perspective of a Brussels suburb or the backyard barbecue area of a *ranch-style* home in the American ghetto of Waterloo, but if Belgium is boring so then is Europe.

Unique

The beaten path of the guided tours is well known: beautiful Bruges and its calm canals, Ghent, Antwerp and medieval Liège. Belgium's beauty spots are rivalled close by in Amsterdam, Paris and Heidelberg, however. What is more enduring is the country's unique position as the meeting point for east and west.

In many places the E5 motorway is the "language line," *separating Dutch-speaking* Flanders and French-speaking Wallonia. Legend has it that it is the line the Romans arbitrarily decided to hold when they fell back before the Germanic hordes: the Belgians joke that the dual *carriageways* were each built by the workforces of the linguistic community on which they lie.

The motorway does, however, mark the line between the two great architectural influences of Europe. In Wallonia, most of which was for long a part of the Duchy of Burgundy, the spires are of the distinctive helter-skelter style of central France. In Flanders, the onion-shaped cupolas of eastern Europe are much in evidence. At some points, a distance of no more than 10 kilometres separates market towns built in the two contrasting styles.

It is more than a cultural *curiosity*, however. The sharp division helps explain many of Belgium's oddities. The interminable "language war" with *its pettiness and damaging political squabbles* is the grinding friction of a geographical division. The heavy-handed bureaucracy so irritating to temporary residents is a Belgian device literally to paper over the crack. Belgium is a man-made state, forged in 1830 but still not firmly welded.

The most visible manifestation of the unitary state—apart from fleeting glimpses of a harassed King Baudouin during periods of government crisis—is the *Gendarmerie Nationale*. A paramilitary police force that combines the functions of a Highway Patrol and riot squad with powers that override gentler municipal policemen, it sums up much that is quintessentially Belgian. By its jodphured motorcycle cops mounted on their Harley-Davidsons, it betrays Belgium's strongly American streak. And its anti-speeding techniques of photographing offending number plates that are always registered to individuals' identity card numbers unhappily marries Big Brother to High Technology.

Above all it is the contradictions and inconsistencies that run through Belgian life that make the country so difficult to characterise. Both grossness and pettiness being among the the principal criticisms made of Belgians gives some clue to this.

Bourgeois

In the eyes of its European neighbours, Belgium is super-bourgeois, a wealthy nation that has become predominantly middle-class. The highest industrial wage rates in the world are seen as having given the Belgian working class a consumer society's life-style in an increasingly egalitarian country. Yet, to many Belgians, it remains a country that is deeply conservative in its social attitudes and is riven by class differences.

Its upper echelons are dominated by the aristocrats of the "High Life" social register (pronounced "eegh leaf"), whereas a trip through the blighted industrial towns of Charleroi or Mons—with over 20 per cent unemployment in places—is enough to dispel the idea that Belgium is a nation of fat cats.

Belgium's nationhood is a conundrum even to the Belgians. Culturally, Belgians tend to look outwards; the Flemish across the frontier to Holland, and the Walloons to France. Yet neither community is greatly welcomed by those two countries. The protestant Dutch feel no great affinity for the largely Catholic Flemish, and French disdain for francophone Belgians (whose distinctively accented French is supplemented by 87 Walloon dialects) is notorious.

Despairing of some national symbol that could represent their complex kingdom with the dignity of, say, France's Coq Hardi or Marianne, or Germany's eagle, Belgians opt for jokes. There is currently a TV advertisement that sums it all up; it shows the Mannequin Pis clutching a cornet of *frites*.

G. M.

An evening out in Brussels

A grand place for eating: Brussels' main square, the Grand'Place, is at the centre of one of Europe's largest concentrations of restaurants, where a selection of menus offers good food at a variety of prices

BRUSSELS, though reputedly duller than Paris or Amsterdam, can offer a variety of pleasures for an evening out.

Like any city it has its upmarket and downmarket areas, from chic "boites de nuit" to sleazy clubs with barebreasted waitresses. However, whether your taste runs to the Opera (John Pritchard of the BBC has recently become Musical Director) or the National Theatre (in French) which is consistently good or "chez Paul au Gaité"—where the Folie Bergère type girls and performing poodles are subdued enough to take one's grandmother — Brussels remains a city of restaurants.

The choice is immense, from the Michelin starred, heavy on the wallet if not on the stomach, the classical Belgian "taverne" serving mussels and chips in every imaginable way accompanied by one of the beers that Belgium specialises in, such as Krick (flavoured with bitter cherry), Geuze or the marvellously named La Mort Subite. The even more modest "café du coin" will rustle up a plat de jour with a glass of wine for about £3.

Traditional Belgian dishes are robust and the North Sea and vast game forests of the Ardennes provide the raw materials for dishes such as Saddle of Hare with Prunes. Waterzooi (a fish and seafood stew) or the traditional eels stewed with parsley and chervil. The patés, hams and *saucissons* from the Ardennes make splendid presents to take home.

Start the evening with a drink in the floodlit Grand'Place at one of the many cafes with open fires and comfortable chairs. Then, if it is not raining, take a walk in the surrounding area—the Rue des Bouchers and its adjacent streets—peering at the menus outside.

Chez Léon is cheerful and very Belgian; specialising in mussels and other sea food, the service for Belgium is speedy. The Taverne du Passage in the nearby Galerie de la Reine is a sober 19th-century establishment with a good selection of Belgian specialities and stays open late. Chez Vincent for grills and roasts has a friendly atmosphere.

Further downtown near the fish market at the Quai aux Briques are a selection of fish restaurants starting with the one-star Huitrière with its lobster specialities to the more *modest* Marie Joseph with seafood soup and their own *smoked* kippers.

The Avenue Louise business area is as dead as a doornail in the evening unless you just want to eat. There is the Cremaillere with its classic French cuisine or Ricks Café American with good steaks and a club downstairs where you can be sure of meeting other Anglo-Saxons, should you so wish.

Brussels boasts one of Europe's best known *cuisine nouvelle* restaurants "Comme chez Soi." Prices are steep and booking should be made at least three weeks in advance but the vegetables are a delight in a town which is fixated on chips and salad.

After your final coffee, there are clubs and discos with varying decibel rates and quiet cafes almost *anywhere* for a nightcap. The Toone Puppet Theatre *has* a tiny atmospheric bar filled with out-of-work actors in an old house down a medieval passageway.

Taxis are plentiful and easy to obtain and Brussels is small so it is easy to have an apéritif in one area, dinner in a second and a nightcap in a third. It is not a dangerous city at night compared with some but keep away from the areas around the two main railway stations if you have a three-piece suit and a well-stuffed wallet.

All in all Brussels is a civilised city and the Belgians have their priorities right: what better way to relax than to have a quiet leisurely evening meal.

Juliet Bourgouin

Businessman's guide

AIRLINES

Zaventem National Airport: Flight Information (Tel 751-8160. Taxi to centre £10 or Sabena train to Central Station £1.
SABENA rue Cardinal Mercier 35, 1000 Brussels (Tel: 511-9060).
British Airways, Centre Rogier 6, Box 144 (Tel: 219 3790).
British Caledonian, Rue de Loxum 4 (Tel: 511 7654).
KLM, Cantersteen 16 (Tel: 513-4400).
Lufthansa, Bd Anspach 1. (Tel: 219 1700).
SAS, rue Ravtenstein 54 (Tel: 513 9230).
Swissair, Place de Bronckere 21 (Tel: 219 0341).
TWA, Bd de l'Empereur 5 (Tel: 512 3176).
Practically all major airlines fly into Brussels and can be found in the telephone book.

FERRIES

Dover/Calais/Ostende (with or without a car) British Rail/Sealink Place Regier 22 (Tel: 217 9702).
Hull/Felixstowe/Dover to Zeebrugge, Townsend Thorensen Rue des Colonies 18/24 (Tel: 513 2980).

TRAINS

Trans-Europe Express (first-class with supplement) to Paris, Amsterdam, Cologne. Rail connections to all European centres.

WHERE TO STAY

LOUISE BUSINESS AREA
Hilton Hotel, Ave du Toison d'Or (Tel: 513 8877)
Ramada Hotel, Ch. de Charleroi 38 (Tel: 538 9100).
Hotel Arcade Stéphanie, Avenue Louise 91 (Tel: 538 8060).
COMMON MARKET AREA
Europa Hotel, rue de la Loi 107 (Tel: 230 1333).
Hotel Charlemagne, Bd Charlemagne (Tel: 735 9050).
Park Hotel, Ave de l'Yser 21 (Tel: 734 4991).
CENTRAL AND DOWNTOWN BRUSSELS
Amigo Hotel, rue de l'Amigo (tel. 511 5910).
Sheraton, Hotel, Place Rogier (tel. 219 3400).
Hyatt Regency, rue Royale 250 (tel: 219 4640).
President Nord Hotel, Bd Adolph Max 107 (tel: 219 0060).
NEAR AIRPORT
Holiday Inn, Diegem (tel: 720 5865).
Sofitel, Diegem (tel: 720 6050).

INVESTMENT AND TAXATION

FLANDERS — Office of the Secretary of State for Regional Affairs in Flanders, Square de Meeus, Brussels (tel: 511 4350).
WALLONIA — Secretary of State for Regional Affairs in Wallonia, Avenue des Arts 19b, Brussels (tel: 219 4620).
BRUSSELS — Ministry of Economic Affairs, Square de Meeus (tel: 511 1930).
The above three publish (in English) a guide to setting up business in Belgium. In these booklets are: 1 Financial Facilities; 2 Tax Relief; 3 Fiscal Regulations for Companies; 4 Tax liabilities for foreign directors and managers; 5 Aid in staff training. There is also a guide to fully equipped industrial estates, administrative procedures and exchange regulations and the repatriation of dividends and capital, as well as information on assistance to export.

BANKS

Banque Bruxelles Lambert, Rue *de la Regence 2 (tel: 511 6450).*
Kredietbank, Rue d'Arenberg 7 (tel: 513 8050).
Société Générale de Banque, Montagne du Parc 3 (tel: 511 3870).
The above three have branches all over Brussels. Barclays Bank, Avenue des Arts 27 (tel: 230 3980), but no cash.
Lloyds Bank, Avenue de Tervuren 2, (tel: 736 0100).
American Express, Place Rogier (tel: 219 0190).
The main British, American, Japanese, French and Italian banks have branches in Brussels and are mostly located in the Ave des Arts.

EMBASSIES

British Embassy, rue Joseph II 28 (tel: 219 9000).
U.S. Embassy, Ed du Regent 28 (tel: 513 3830).
Canadian Embassy, rue de Loxum 6 (tel: 513 7940).
Federal Republic of Germany, Ave de Tervueren 190 (tel: 770 5830).
French Embassy, Rue Ducale 55 (*tel: 512 1718*)
Irish Embassy, Rue de *Luxembourg* 19 (tel: 513 6633).
All Embassies and Representations to the EEC are listed in the telephone book under "Ambassades" and "Representations."

CHAMBERS OF COMMERCE

American Chamber of Commerce, 50 ave des Arts (tel: *512 1262*). *Publication:* "Overseas Business Report — Marketing in Belgium and Luxembourg."
British Chamber of Commerce, rue Joseph II 28 (tel. 210 0788). Information sheets: "Opening a Business in Belgium" and "Conditions of Employment of Managerial Staff in Belgium" (from the British Embassy, Commercial Section).

FT COST OF LIVING INDEX

As published Monday, July 27 1981, Brussels is No. 25.

WHAT TO EAT

Brussels has restaurants to suit every pocket. *Starting* at the top there are two three-star Michelin restaurants. More modestly, however, the Rue des Bouchers, near the Grand' Place and its adjoining streets are *full* of restaurants of every imaginable nationality as well as the typically Belgian "Taverne" with a choice ranging from "Moules/Frites" prepared in 20 different ways, Anguilles au vert (eels with a chervil and parsely sauce) or a "Carbonnade Flamande" (beef stewed in beer).

At the Quai aux Briques, next to the Fishmarket, there are many places and the variety is wide—*from* a costly lobster "à la nage" to a simple "*friture de fruits de mer*." Unless you patronise a self-service or a hamburger joint, do expect to take your time. Where food is concerned, the pace in Belgium is leisurely, so sit back and enjoy it.

Architecture

Backwards and forwards

by COLIN AMERY

Janus-like, the only way to consider things at this time of the year is to look both ways.

Architects like to go around saying that they have had a bad year. In many ways they have suffered from the recession and the changes in policy that have caused the decline of the architect's role in the public sector, but all sorts of things have happened that could make life for architects easier in the future. In January last year the Code of Conduct was amended so that they can build houses and hold directorships in the construction industry — in short the architect is free to become a hustler as well as a professional man. Some people would argue that professionalism has been changing for years and that these decisions just face the facts of economic life.

With this new-found freedom there is less excuse for misery and groaning at this time of the year. On the freedom front the Minister for the Environment has put his politics into practice and urged planners not to interfere with the delicate field of architectural aesthetics. He has also promoted the idea of more architectural competitions, offering as the beacon to light the way the splendid Government-owned site next to the National Gallery in Trafalgar Square for an architect/developer competition.

The Green Giant on the Thames at Vauxhall quietly died and another competition was announced. The importance of the official change in attitudes to architecture has hit the profession by surprise. There is still a stunned disbelief amongst architects but it is a *fact* that good architecture is now official policy—quality will be encouraged and provoked by competition. This is good news.

It was a sad year for architecture in some ways with the deaths of so many of the old guard of the Modern Movement. The Movement, of course, died as a strong force a long time ago but its innovators continued to work. Jack Coia, who had designed so many good churches in Scotland, particularly St Bride's Church in East Kilbride, died. His career with his practice Gillespie, Kidd and Coia produced a string of good buildings culminating in Robinson College, Cambridge, where the more wayward aspects of the practice's work became apparent.

The death of Marcel Breuer ended the living links with the Bauhaus. He was born in Hungary in 1902 and is best remembered for his facility with materials, particularly timber. His furniture is still highly distinguished—a version of his long chair is still in production in England and his was one of the earliest tubular steel chairs. Like so many others from the Bauhaus he ended up in the US and his lovely Abbey of St John at Congeville in Minnesota showed that he was one of the least doctrinaire of the followers of the Modern Movement.

The works of the late Laurence King are probsbly well known to anyone who works in *the City* of London. He became prominent after the Second World War when he was called upon to rebuild the churches of St *Magnus Martyr* and St Mary-le-Bow and he was devoted to the repair and restoration of at least 100 churches. He had a curious taste when it came to church fittings that may in their time be regarded more favourably than they are now.

I doubt that his name will live as long as some church architects and it is a constant sadness to see the terrible screen he designed for All Saints, the Butterfield church in London's Msrgaret Street, which is so out of sympathy with the building and the later work by Comper.

Lord Llewelyn-Daviea's elegant figure is a loss to the town planning world although I doubt whether the residents of Milton Keynes will remember in their prayers to thank him for the grid-like horrors of his master plan for that much advertised city. He was an influential committee man, handsome and effective but his architecture lacked real originality—although bis hospital planning justly earned him his honours.

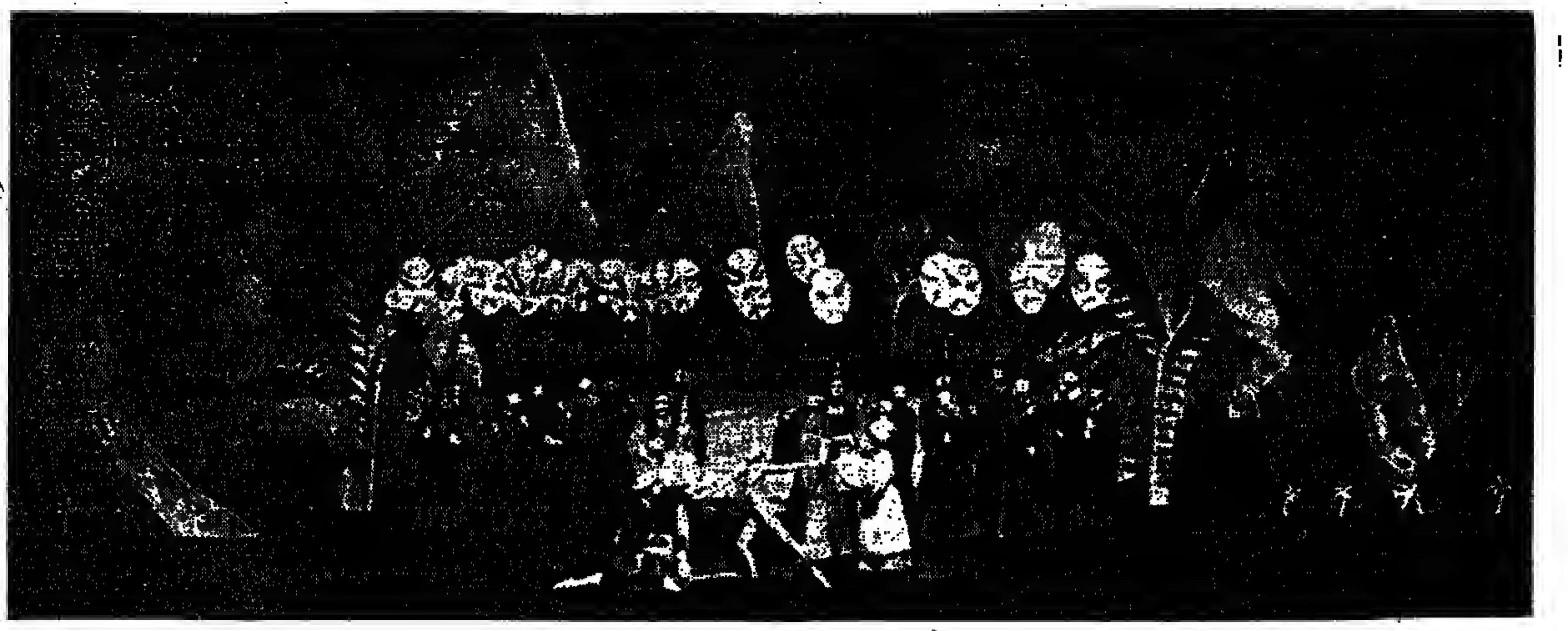
At the end nf 1981 Sir Stirrat Johnson-Marshall died. He had achieved most of his influence when chief architect to the Ministry of Education from 1948-1956. There is an irony in the fact that in the month of his death the Government abolished the post of a chief architect in the Department of Education and Science. While looking backwards one book should be singled out, Lionel Esher's *A Broken Wave* (Allen Lane, London, £12.95), which is a serious and often depressing account of the building, architecture and social and political climate of this country from 1940 to 1980.

Although it often reads like an obituary for socially progressive architectural ideas it does reveal the political and economic naivety of architects of that period. The belief that money and the support of the State would always be available was soon dashed as the oil prices rose and social planning declined in public favour. Esher avoids the real issue and is unable to explain why the public learned to hate modern architecture in England with a passion that is unknown in other countries. He was well-placed, particularly as Rector of the Royal College of Art, to understand the nature of this English disease. His objectivity protects him from controversy—I felt his book dodged the intellectual issues and was a disappointment.

If architects are looking reasonably healthy now that their shackles have been loosed, what abont the art of architecture?

While Schinkel and Lutyens were the favourite dead architects of the year it is significant that classicism and a more orderly post-modernism is also the growing concern of practising architects. The names for 1982 and the buildings are largely American but one leader of new thinking is undonbtedly James Stirling—British and one of the most interesting architects in the world.

Michael Graves and Richard Meier are the serious exponents of the new style of architecture in America and this will be the year to see exactly what "post modernism" will produce. There is a lot to look forward to, the interest in architecture at all levels, past, present and future, is intense—there will be a lot to write abont.



A scene from "The Nightingale"

Metropolitan, New York

Stravinsky triple bill

by ANDREW PORTER

The Met's centenary tribute to Stravinsky is a triple bill — *Spring Rite, The Nightingale* and *Oedipus Rex*—designed by Dsvid Hockney, prodnced by John Dexter, and conducted by James Levine. It's largely a dance evening — *Rite* is choreographed by Jean-Pierre Bonnefous, and *The Nightingale* by Frederick Ashton — but the stars of the show are Levine and his orchestra. The pit bas been hrought np high and the wall that usually divides it from the stalls is replaced by a clear plastic screen; it's now less a "pit" than a shallow depression. The soprano and tenor of *The Nightingole*, standing up in it, are clearly visible; so it Anthony Dowell, enthroned in it as the Narrator of Oedipus. Sightlines and staging are cleverly planned so that the stage pictures remain unmasked, but Stravinsky and bls scores occupy the foreground. All three scores are very well plsyed, and balance problems arose only when Levine "encouraged the brass" in *Oedipus*.

All three pieces are staged within a semicircle of black cyclorama studded with graffiti of faces — eyes, nose, and mouth indicated in an oval, chalked up as if by a child. For *Rite*, there is a large roundel at tbe back depicting two triangular peaks and some tree trunks, lit in various intense, glowing colours; fnr the second scene, a tangle of brightly coloured foliage descends to cap the trunks. Hockney's costumes pay tribute to Roehrich's for the original production — with some pop touches added to the men's. Bonnefous's choreography pays tribute to surviving imagery of Nijinsky's original and is otberwise fluent, eclectic, and conventional.

For *The Nightmgole*, the stage acquires a Bayreuth saucer painted witb blue ripple. In tbe sbore scenes, a pretty white-and-blue giant banner descends as a central hackdrop, rippling too. Here and in *Rite*, the "face" motif is continued by faces atop poles carried by the cborus, Bird and Fisberman, sung from the pit by Gwendolyn Bradley (a sweet, light soprano, very charming) and Philip Creecb, are danced onstage by Makarova and Dowell, ln a graceful anthology nf Asbton lnventions. The small roles are both played and sung by onstage singers in a deft chinoiserie - cum - commedla dell'arte manner. Tbe plece is sung in Russian, and so much of lts polnt is lost. The City Opera production, in 1963, used Robert Craft's English translation.

For *Oedipus*, a male chorus some 60-strong, dressed ln dinner jackets, seated in a double row, spans tbe front of the stage. On a high plstform behind them, the principals, similarly costumed (Jocasta in a long black dress with ropes of pearls), sit on modern chairs. Behind each stands a waiter bolding a tall white mask. These attendants put the masks on the soloists, before they rise and move centre stage to sing. Here a high, gold-striped screen rises above a red semicircle — echoing the cords and circle of tbe formalised lyre depicted on the black front curtain which is used before and after eacb panel of the triptych and also during scene cbanges.

Oedipus and Tiresias were Richard Cassilly and John Macurdy — the Oedipus and Messenger of the City Opera production of 22 years ago, conducted by Stokowski, and both nf them strong, incisive, commanding, but Cassilly's sustained notes became unsteady. Franz Mazura's Creon and Tatiana Troyanos's Jocasta were less precise, though Troyanos had powerful moments. Dowell, in ringing voice, convincingly assumed the tones and classy accent of a Britisb theatrical knight — except when he slipped over the word "deities" and a classical name or two ("Crayon," "Lie-oose").

It was a serious, carefully planned, lnng, strenuous, sombre evening. The impression one carried away is of the huge stage bung with black, as for *pompes funèbres*, and three powerful, deliberated "statements" set against it. It was not at all an "entertainment," as was (by all accounts; I've not seen it) the same team's Satie-Poulenc-Ravel triple bill last season. It was even, perhaps, a little untheatrical: I've never encountered a *Nightingale* less touching or an *Oedipus* (even on the concert platform) less dramatically gripping. But in its grandiose, uncompromising way it was certainly impressive.

The Met, the largest opera house in the world and an ugly one, was built to house big stage-pictures behind a proscenium frame. In several productions, Levine and Dexter have tried to fight the house, to bridge the "mystic gulf" that Wagner created and put performers and audience into the same room, as once they were, and in some modern theatres are once again. Their *Lulu* was played well forward, and their *Entführung* and *Mahagonny* on stages that jutted out through the frame and overhung the pit. The Stravinsky evening is their boldest effort so far to bring some modern staging ideas into a traditional house, before their traditionally-minded audience.

*

The next night, a "gala" evening celebrated Carlo Bergonzi's Met jubilee. (He made his Met debut, as Radames, in 1956, three years after his London debut at the Stoll.) He sang in Act 2 of *La traviata* (with Catherine Malfitano as Violetta) and in Act 3 of *Tosca* (with Galina Savova as Tosca). Between, there was Act 2 of *Ballo*, with Luciano Pavarotti and Teresa Zylis-Gara, and the tenor's Act 3 aria tacked to it as pendant. Bergonzi's "acting" is pretty well confined to raising his left arm on high, but he may be the last tenor left who knows how to be liquid, melting. It was all a little overdone — the melting phrases, the spun high notes, long-caressed. But rather too much than none at all. There was no caress, no tenderness in Pavarotti's tones for the *Ballo* love duet or aria; he left the syllables of "M'ami" and even those of Amelia's name unjoined. Levine was a loud, domineering, insensitive accompanist. Next season, Bergonzi is due to return in *Ballo* and *Forza*.

Riverside Studios

Nuova Compagnia di Canto Popolare

by ROSALIND CARNE

They perform regularly in village squares and at country fairs throughout Southern Italy, singing and playing the popular music of five centuries. The Riverside, with lts fixed seats and bare wide stage, is a wholly unsuitable venue for a company whose first melodic utterance evokes the vine-clad terraces of the Mediterranean. No matter—we are privileged to welcome them to London as messengers of joy and warmth.

The group of six instrumentalists and singers was formed in 1967 by Roberto di Simone in order tn rescue the folk tradition of the Campania. Painstaking aural and historical research has unearthed and preserved a glorious repertoire which hints both at eastern, Arab roots and at an unmistakable influence on our own *madrigals* and the Elizabethan lute.

There is the "villanella," a 16th century country song, often a gentle love lyric like the sorrowful "Madonna Tu Mi Fai," the lament of a young man who has been rejected, or "Li Figliole," advising girls to enjoy youth's pleasures while they can. The "tammuriata" is more violent, a tradtional form marked hy the complex rhythms of a big hand drum. The player thrusts the stick inside the drum itself, twirling it around as he links his body's movements to the pounding, swelling dynamic. Some songs are ballads, like the tale of the "guarravino" fish and his love for the beautiful sardine, or the story of the bakers' strike of 1570. Dotted throughout the widely varied programme are brilliant instrumentals with lnte, guitar, flute, recorder and percussion.

To ignorant English ears and eyes, the most recognisably Neapolitan member of the troupe is Giovanni Maurielln with his bouncing "machismo," shock of black hair, and faintly nasal timbre, burled across a startling vocal range. Fausta Vetere, the only woman, combines an exquisite purity of voice with proud and gay insouciance among these males. Her castanet dance with Giovanni suggests a whirl of playful antagonism. Nunzio Areni ls less physically flamboyant except for his flying fingerwork over a collection of flutes and recorders.

Words mesh with words in fine close harmony and, with, at times, delirious excitement. Even native-born Italians find it hard to pick up the meaning of the dialect, but tbe lilt and passion of the musical expression is deliciously self-explanatory.

"Napolitana" is the company's own composition, based on a popular 17th century dance, the "Canarios." Franco Faraldo's tapping fingers nn two tiny *drums* produces a bravura cascade of rhythmic syncopations. String player Corrado Sfogll joins him with sweetened virtuosity on a Spanlsb (or perbaps Italian) guitar. The remaining member of this talented sextet is Patrizio Trampetti, binding all together with guitar and voice and a smattering of wbolly unnecessary, but beguiling, Englisb interpretation.

'Skirmishes' at Hampstead

The new play at the Hampstead Theatre, opening February 1, is *Skirmishes* by Catherine Hayes, directed by Tim Fywell and designed by Sue Plummer. This marks the London debut of the Liverpool-based playwright (the play originated at the Liverpool Playhouse) and the cast comprises Frances de la Tour, Gwen Taylor and Anna Wing.

Drill Hall

The Beggar's Opera

by ARTHUR JACOBS

Tbe Opera Factory bas followed its production of Birtwistle's *Punch and Judy* with a verslon of *The Beggor's Opero* wbicb will not be forgotten. It ls a milestone of some sort to have brought John Gay's song-sequence and witty word-play lnto the theatrical era of *Oh, Calcutta*. An episode of simulated sex, with two women gossiplng cbeerily to each other on their knees as the men bestride them, followed by a dance which reaches almost total nudity, certainly fulfils this company's declared function of reacbing where other companies do not. But the result leaves us ln tbe realm of shock, disturbance, nervous laughter. The piece is well and truly split open but never re-welded into one.

Although played in modern dress throughout, the production starts by delivering the music in almost s straight 18th-century vocal and instrumental style. But when Macheath has forsaken his newly wedded Polly for the more familiar pleasures of the brothel, rock music takes over. A rather weak, minor-key srrangement of "Youth's a season made for joys" is belted out with electric organ, electric guitar, and drums. Microphones boost the singing and shrieking voices. Later the original style is resumed—but in the second act another shift occurs when Macheath's attempted escape from jail is shown first as a kind of rock dance for the whole company and then turns into a parody of a cinematic gangster murder (with water pistols and slow motion). Here David Freeman—who plays Macheath as well as directing the production—leads his company splendidly.

A brilliant company it is, its members encompassing a multiplicity of roles with sharp differentiation. Most of the performers, moreover, were those who had shone in *Punch and Judy*. Omar Ebrahim (Punch in that production) was here allotted only the minor role of Filch, but every tone, word and gesture emphasised what a marvellous bundle of assets he offers to opera, and maybe to other kinds of theatre. Save for a tendency to rush the dialogue (the director's fault?) the others must also garner unreserved praise—Lesley Stephenson and Marie Angel (Polly and Lucy), Roger Bryson, Hilary Western, Nigel Robson.

Ultimately their feats failed because the production itself remains a mere box of tricks. (One even wonders whether a better solution would have been a *Beggar's Rocky Horropera*.) But as a demonstration of potentialities of performance it was heartening. Mr Freeman must be encouraged to try his strength again, and the occasion should not slip by without an appreciation of Paul Daniel's work (with the Endymion Ensemble) as musical arranger and musical director.

Glyndebourne awards

The final two awards made annually by Glyndebourne to young artists have been announced. The Esso/Glyndebourne Award for 1981 has been given to Glenn Winslade, a 26-year-old Australian tenor who will join the Glyndebourne chorus in 1982 and sing Don Ottavio in the Glyndebourne Touring Opera's performances of *Don Giovanni* next autumn.

The Glyndebourne Touring Opera Singers' Award has been given to Catherine Benson, a member of the Chorus and Zerlina in the same *Don Giovanni* on tour.

CONTINUED ON PAGE 24

FINANCIAL TIMES

PUBLISHED IN LONDON & FRANKFURT

Head Office: The Financial Times Limited, Bracken House, 10 Cannon Street, London EC4P [illegible]

INTERNATIONAL & BRITISH EDITORIAL & ADVERTISEMENT OFFICES

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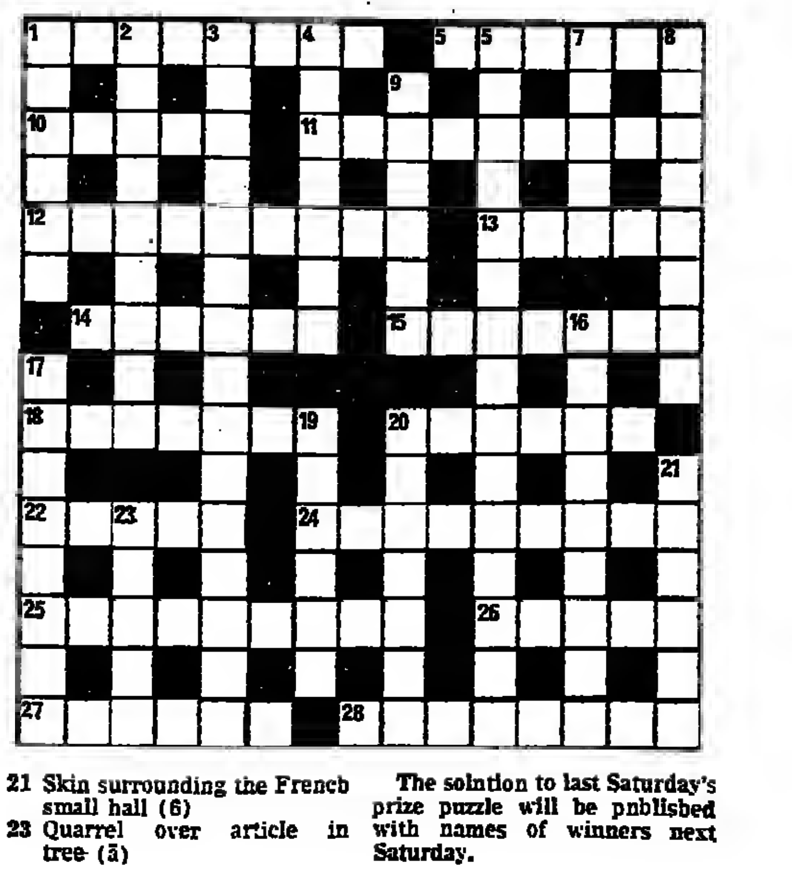
F.T. CROSSWORD PUZZLE No. 4,768

ACROSS

1 Opening edges instant beauty preparation (8)
5 Boxer's prize given to right ship's officer (6)
10 Parent winning on board (5)
11 Course it makes the Scots cross (2, 7)
12 Wrong AA man sued to a disgusting extent (2, 7)
13 Salesman the Spanish fend off (5)
14 Poet associated with Keynes (6)
15 Tire or some other car part (7)
18 Attractive girl running rule over Russia (7)
20 Discretion shown by one third-class stratagem (6)
22 Load vehicle then push off (5)
24 Join old lag going to prison before tea-break (9)
25 Neath as seen from the other side of the world (4, 5)
26 Hearing affliction (5)
27 No declarant of thread standard (6)
28 Wine taken round in instrument (8)

DOWN

1 Strike by degrees at August festival (6)
2 Made to think of inserted object (3, 2, 4)
3 Find book way to assist audibility (4, 2, 3, 6)
4 Conservative is taking bird to tank (7)
6 Surreptitiously being controlled by computer (5, 3, 7)
7 Brush off southern cry (5)
8 Sore about musical instrument firm (8)
9 Another 10 heard of tropical tree (6)
16 One song by northern member of religious body (9)
17 A bed cord may be patterned in fabric (8)
19 Period rotten for auditor (6)
20 Shoot 10 not finishing regular routine (7)
21 Skin surrounding the French small hall (6)
23 Quarrel over article in tree (5)



The solution to last Saturday's prize puzzle will be published with names of winners next Saturday.

FINANCIAL TIMES
BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY
Telegrams: Finantimo, London PS4. Telex: 8954871
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Monday January 11 1982

EEC steel plan in jeopardy

THE ATTEMPT to find a negotiated solution to the problem of European steel exports to the U.S. appears to have failed. American steel makers are expected this week to launch a series of suits against European and other producers which are accused of competing unfairly in the U.S. market. The U.S. administration's trigger price system, which is supposed to fix minimum prices for imported steel, will be suspended.

Benefit

The American companies are probably well pleased with this outcome. Even though the industry's fundamental problem is low productivity rather than import competition, there is little doubt that some European steel is being dumped in the U.S. Anti-dumping suits, whether or not they are ultimately successful, will have an immediate effect in curbing shipments from Europe. The domestic producers should benefit, in the short term at least, both in profit margins and in sales volumes.

For European producers the consequences could be grave. The Brussels Commission, working with governments and companies, is engaged in a delicate operation to raise the profitability of the steel industry and to bring capacity into line with demand. One element is a co-ordinated increase in prices—a highly artificial process at a time of sluggish demand and serious over-capacity. If steel destined for the U.S. now has to be sold within Europe, the ability of producers to maintain the agreed pricing disciplines and production controls will be put under great strain.

A breakdown of the Davignon plan and a return to the survival of the fittest might be welcomed by some steel users. If one could be sure that governments would allow market forces to work, unrestricted competition would be the quickest way of restructuring the steel industry. But the most that governments have brought themselves to accept is to phase out state support for the steel producers by the end of 1985. If a co-ordinated European approach is replaced by a free-for-all, the most likely result is an outbreak of national protectionism which could cause incalculable damage to the fabric of the Common Market.

There are other threats to the Davignon plan. Several producers, including Kloeckner of West Germany, are dissatisfied with the production quotas assigned to them and have filed suit against the Commission in the European court. These internal strains will be aggravated by last week's developments in the U.S.

Friction

In the principle the EEC cannot object to anti-dumping action as long as the U.S. follows the rules for such action laid down by GATT. (There appears to be some doubt on this score, particularly over the definition of "material injury.") But the practical consequence may well be an escalation of subsidies to protect EEG steel makers from the effects of the U.S. move, postponing still further the restoration of a normal market in steel. At a time of international tension, when there are already too many sources of friction between the U.S. and the EEC, a trade war is the last thing the western alliance needs. A combination of greater self-discipline in Europe and renewed negotiations with the U.S. may be the only means of preventing it.

The squeeze on local councils

THERE IS a depressing inevitability about the way councils always spend more than the Government would like on their current accounts, mainly eaten up by wages, and much less than the Government would like on capital projects—houses, schools and roads.

During the past two years a new system of trying to coax current spending down has failed to achieve the Government's targets. The targets themselves have been unrealistic and the new control system for current spending appears technically unsound. In the same period, on the other hand, the Government has introduced a new system of sensible capital expenditure controls, allowing councils to switch their permitted borrowing between spending categories.

Problems

By a kind of Gresham's Law of spending control, a bad system can drive a good one out of currency. Spending authorities have been driven to depress their capital spending through fear of exceeding their current spending targets. The figures indicate yet another large capital underspend for the year ending in March. They are the more dismaying because the size of the underspend—23 per cent—on already low allocations comes at a time when the construction industry is struggling through its worst recession since the war, with output expected to be down another 12 per cent this year after an 11 per cent fall last year.

This underspending, and particularly the unused £435m from a £1.4bn housing allocation which councils themselves described as "pathetic" when it was announced, is building up some major problems of potholed roads and unbuilt and unmaintained homes which are going to need expensive and difficult solutions before this decade is much older.

Prohibitive

There appear to be several lessons for ministers out of this persistent under-investment in the bricks and mortar side of our future. One is that the short-term political gain from initiatives such as council housing moratoriums (last imposed from October 1980 to April 1981) are counter-productive, disruptive and cause knock-on effects long after they end.

The second lesson is that capital is not free and its costs under present conditions are prohibitive. Debt servicing represents between a fifth and sixth of the total project cost these days and it has to be paid for by ratepayers through the current account. The harder the Government pushes and punishes councils for their current expenditure the more cautious they become of incurring new debt.

There may, then, be a legitimate case to be made for moving some accounting columns between capital and current accounts and finding a way of building the debt servicing implications of capital spending into capital allocations and the capital account and taking it out of the current account. At the moment the Government appears to be willing the end—investment for the future—but cutting off the means.

Private empires

THE DISPLAY of collective anger by the investing institutions in the case of Associated Communications is very much to be welcomed. Whether or not they succeed in blocking or reducing the proposed compensation payment to Mr Jack Gill, they have issued a clear warning to those who seek to run public companies as private fiefdoms. While their preferred method of influencing events is by discussions behind the scenes and through non-executive directors, the institutions have shown that where the circumstances justify it and no other option is available, they are prepared to take more drastic action.

In going to law over Mr Gill's proposed payment, the institutions are, in effect, making a protest about the way the company is being managed. They are also taking a stand on a clear issue of principle, concerning the rewards paid to executive directors and the method by which those rewards are fixed.

These are matters of legitimate interest to the owners of a business; there are far too many companies in which executives are determining their own remuneration and fringe benefits without effective control by shareholders or non-executive directors. But the institutions' role in the Gill affair would be even more welcome if it encouraged them to use their influence in a wider sense to strengthen the management of badly run companies.

The passivity of owners in the face of corporate decline is one of the weaknesses of the British financial system. There are always good reasons for not disturbing the status quo; the issues are rarely as clear-cut as in a "golden handshake" row. But if the owners of a business do not intervene to stop the rot, no one else will; they have responsibilities which should be exercised.

LANDMARK U.S. RULING

Ma Bell's $90bn sale

AT and T, the world's largest private company, agreed late last week to sell off two-thirds of its $134bn assets in an historic U.S. anti-trust agreement with the Justice Department. Paul Betts reports from New York on the implications and (below) looks at the simultaneous ending of the anti-trust suit against IBM, the last of a series of major cases to be settled by the Reagan Administration.

THE MIGHTY telephone empire founded more than a century ago in the U.S. by Alexander Graham Bell, the father of the telephone, is about to be dismembered. A leaner, more aggressive, high technology company is now poised to emerge from the former Bell empire which is bound to exert a major influence on the fast-changing world telecommunications market.

In what will go down in the history books as one of the most far-reaching developments in American business, American Telephone and Telegraph (AT and T) affectionately known as "Ma Bell," and the U.S. Justice Department last Friday finally settled a landmark anti-trust dispute which had been fought out in the courts for the past eight years.

The settlement is already being compared to the 1911 deal which forced the Rockefeller family to split up the giant Standard Oil Company into 33 subsidiaries.

Friday's decision marks the end of an era. It is, in the words of Mr Howard Anderson, a telecommunications industry consultant, "the death of Mother Bell as we knew her." Unlike almost every other major country in the world where the telephones are owned and run by the Government, Ma Bell, the world's largest private company, has provided "pots," or "plain old telephone service," to four-fifths of the American population. For more than a century it has been the dominant supplier of telephone equipment and services to the country. Bell Labs is the premier telecommunications research centre in the world. Western Electric, its manufacturing subsidiary, is far the biggest telephone equipment maker in the world.

Ma Bell will now no longer provide plain old local telephone services to Americans but this may be good news for the company and its shareholders. AT and T has 18 months to divest itself of its share in 22 local operating telephone companies which account for two-thirds of the company's $134bn-worth of total assets and about half of its annual revenues of $5.7bn, but only one-third of its $6.9bn annual earnings.

The agreement still faces one last, major hurdle. It must be approved by the U.S. Congress and already there were signs this weekend that it would not be rubber stamped. Several Congressmen have attacked it on the grounds that it could threaten the quality of the basic U.S. telephone system.

The settlement also opens a new chapter in American telecommunications in which a relatively smaller but stronger AT and T will be competing against the likes of IBM and Xerox for leadership in the electronic transmission of information. IBM, for example, is already involved in advanced communications services through its interest in Satellite Business Systems. And AT and T last year announced plans to enter this market by setting up a separate subsidiary with assets of $10bn.

At first sight the AT and T settlement may seem more satisfactory for the Government than for the telephone company. It meets the new criterion of the Reagan administration anti-trust busters whereby vertical business concentrations are acceptable but horizontal ones are not.

The new AT and T will have a vertical line of integration starting at the top with Bell Labs, the research subsidiary, moving down to Western Electric, the manufacturing subsidiary, and finally down to long-distance telephone services, the marketing and services arm. Its 22 local telephone companies will be spun off to existing AT and T shareholders (of which there are a staggering 3m).

Ma Bell would have much preferred not to have to strip down. But it regards the settlement as a viable compromise. "I believe we have chosen the right course, although clearly it was not the solution that we sought," Mr Charles Brown, the telephone company's quiet and retiring chairman, said last week.

AT and T will now have to directly face the already increasing challenge of competitors like GTE, the country's largest independent telephone company, ITT, MCI and a host of other concerns in its once but already much less secure telephone service and equipment market.

On the other hand the settlement actually gives AT and T most of the freedom to operate in new and fast expanding markets which it has been seeking for years. Under an earlier consent decree, AT and T agreed in 1956 to say out of the unregulated computer and information processing market in return for retaining its regulated monopoly in the telephone business.

"The earlier decree did not anticipate an evolution in modern electronic technology that would in time erase the distinction between computers and communications. Yet its provisions have effectively prohibited the Bell system from applying the fruits of their own research and development to their own purposes. The new decree would entirely eliminate such restrictions," the AT and T chairman said after the settlement.

Mr Charles Brown, AT and T chairman

Mr Frank Cary, IBM chairman

By settling its dispute with the Justice Department, Ma Bell is a giant step closer to entering the fast-growing new electronic communication market. The Federal Communications Commission which regulates inter-state telecommunications with its so-called "Computer 2" ruling had earlier prepared the way for Ma Bell's entry "into unregulated fields by agreeing to let the telephone company enter the information processing market through a separate but wholly owned subsidiary. Both the House of Representatives and the U.S. Senate are already considering bills to enable AT and T to join the IBMs and the Xeroxes in the new telecommunications markets.

AT and T saw its chances of beating the justice department fade and thus preferred to settle rather than risk a court order forcing it to break up the company even more drastically, including perhaps the divestiture of Bell Labs or Western Electric.

Under the circumstances, AT and T has done very well. Wall Street analysts are quick to point out that the telephone company will now be transformed from essentially a utility into a high technology concern. "The old lady is becoming a go-go girl," one remarked. The local telephone companies, the company's bread and butter for a century, are highly capital intensive and modest money makers. Indeed, Bell's long distance services, which it will retain, have been subsidising local services for years. The company will now be able to concentrate its resources in the new high technology growth areas where it is likely to become a formidable competitor on a world scale after its management which has sheltered behind government regulation learns how to run a smaller and drastically different type of concern.

But the landmark settlement has not won universal acclaim. For many consumers it will spell higher telephone rates once the divestiture is completed in the next 18 months. Mr Delbert Staley, president of New York Telephone, one of the Bell subsidiaries, has already warned: "After divestiture we will receive no subsidy. Local rates will have to double in the next five years to bear their share of the cost." The question is will the local state fare-fixing commissions grant these increases? And if they refuse, will telephone services, which thanks to the Bell system are among the most efficient in the world, deteriorate?

The Federal Communications Commission is worried. Its chairman, Mr Mark Fowler, said on Friday: "The impact upon local and long-distance and indeed the ancillary services . . . will require considerable study." Many members of Congress are also concerned. Apart from the mechanics of dismembering a lady as vast as Mother Bell, the settlement is bound to become one of the hottest political footballs in American in coming months.

The changes that AT and T must now make are also a major test of the company's ability to adjust in a very different, and highly competitive, market place. Equally, IBM and the other information processing giants, will now have to learn to live with what may well be a formidable rival.

Why bigness is no longer a 'crime'

MR WILLIAM BAXTER claimed on Friday night it was "sheer serendipity" that the Justice Department—where he is the leading anti-trust buster—should have dropped its case against IBM on the same day as settling the AT and T anti-trust suit.

The IBM case, which asserted that the giant computer company was unfairly dominating the computer market, is the last of a series of cases (including one to break up the country's eight largest oil companies and one seeking to split up Eastman Kodak) which have been dropped since Mr Baxter, a Californian law professor, was appointed by President Reagan to head the anti-trust division of the Justice Department last year.

The IBM suit was far less complex than the telephone case. It was based, as were the oil company and Eastman Kodak suits, on the premise that big is bad for competition. IBM always expected to win its case, had already won 16 private cases filed by competing companies after the Justice Department filed its suit on the last business day of the Johnson Administration on January 17, 1969, and had defended itself vigorously from the very start.

Mr Baxter, after a six-month review of the IBM case, said "the only sensible thing to do" was to dismiss the case which was "without merit" and based "on flimsy evidence." But he went further—spelling out in his most significant policy statement to date, the anti-trust philosophy of the Reagan administration.

For Mr Baxter, and President Reagan for that matter, bigness is no longer on its own a reasonable basis for anti-trust prosecution. Concentration in large units can improve business efficiency and enhance competition, the administration believes. The purpose of the anti-trust laws is to guarantee and protect the free market place, according to the Reagan creed, and to restrict government intervention and regulations to a minimum.

In any event, business conditions have changed since the days of indiscriminate trust-busting. Companies like IBM and even the oil majors are no longer perceived as stifling competition because of their dominant positions in their respective markets. Indeed, IBM has been losing a share of the market during the last ten years to new companies.

When the Justice Department first filed its suit 13 years ago, IBM controlled about 70 per cent of the world market for main-frame computers. Its share has since slipped to about 62 per cent. And in the U.S. market, IBM's share has dropped to 58 per cent.

But the new approach by the Justice Department does not herald a new era of soft anti trust enforcement. The anti trust authorities have shown every intention of "litigating to the eyeballs," to use a favourite Baxter phrase, cases which infringe their interpretation of the law. This interpretation may have been narrowed in recent months but is nonetheless rigid.

The last few months have provided ample examples of how strictly the new breed of anti trust enforcers intend to apply the law. Mobil has failed on two occasions to acquire another major oil company because of anti-trust objections. On Friday, as the two historic settlements were announced, the Federal Trade Commission (FTC), which together with the justice department watches over anti trust, again acted to foil yet another indirect attempt by Mobil to acquire the oil and gas assets of Marathon oil.

The new anti-trust policy can be encapsulated in two words that have become a fashionable part of the American economic dictionary 'horizontal' and 'vertical.' A large company which is vertically integrated but has no dominant share of any given market raises no problems for Mr Baxter, but one which is horizontal, or dominates a single market to an extent it severly threatens competition, does. So far, with the AT and T and IBM settlements, Mr Baxter appears to have been highly consistent in applying his new approach to anti-trust.

Men & Matters

Morton's move

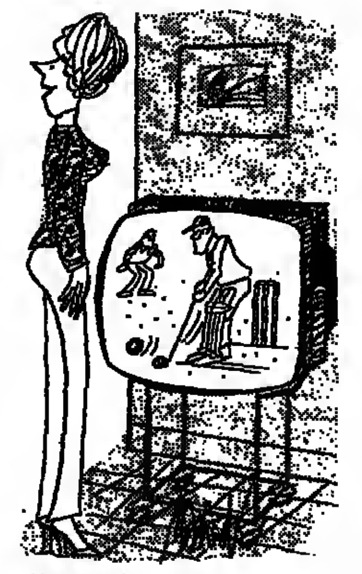
"Glacial eyes," came the reply when I sought first impressions of Alastair Morton, today's new chief executive at Guinness Peat. Glacial eyes, and a reputation for tough talking which should serve him well in a boardroom which seems rarely to have been short of something to argue about over the last few months. "My tolerence for argy-bargy," warns Morton, "is pretty limited."

South African by birth—he and Sir Michael Edwardes lived at different times in Johannesburg's Outspan Road—Morton was making his presence felt in the City of London 12 years ago when, at 32, he was drafted in to put some zip into the 117 Group, the investment empire built up by Harley Drayton. He had already spent three years at the World Bank in Washington, an a further three at the Industrial Reorganisation Corporation under Sir Charles Villiers. "You've got to keep moving," he then said, "you've got to make three moves before you're 35."

Clearly, Morton could not then have been implying that 35 was the age at which you could afford to stand still indefinitely. In 1972 he was made chairman of Draymont Securities, a joint venture between Drayton (formerly 117) and Samuel Montagu set up in the heydays of company dealing and doctoring. Four years later, Morton was the first senior executive recruited by the British National Oil Corporation.

BNOC might have raised the odd oily eyebrow by starting its shopping outside the oil industry, but it got a bargain. Morton negotiated an $825m loan package which, thanks to favourable exchange rate movements, cost the corporation just £2m net financing costs over the next three years.

The applause for that coup was deservedly loud, but barely had it died down when Morton exited from BNOC in a situation



"I think it must be a film of Boycott batting!"

so heated that Boots Hansen himself might have had difficulty damping it down.

BNOC needed a new chairman to follow the pro tem Ronnie Utiger. In May 1980 energy secretary David Howell appointed Philip Shelbourne, chairman of Samuel Montagu and adviser to Howell on the privatisation of BNOC.

Shelbourne and Morton had, to put it mildly, not seen eye to eye over the years during which their paths had crossed in and since Old Broad Street. A week after Shelbourne's move was announced, Morton's resignation as a senior BNOC director was on the table, together with his accusation of "a bad appointment, badly mada."

Since then, Morton has been appointed to the Massey Ferguson Board, where he is generally regarded as having a brief for British interests in the struggling company, and he became chairman of the City-floated Thames Oil and Gas, an exploration company. He also sits on the Board of the British Steel Corporation.

But, challenging as those jobs might be, Morton has looked for the last year and a half like a Prince of Denmark without a Hamlet to act in. Timely, then, the drama with which Lord Kissin and Edmund Dall have enthralled the watching Gity.

Scotch mist

"Goodness me," expostulates Mr Hamilton Meikle from the distinctly non-Caledonian city of Gardiff, having read my report of the Aberdonian who took the wallpaper with him when he moved house. Such anecdotes, he says, have been the stuff of Aberdeen society gossip since his own Scottish schooldays.

But does Mr Hamilton Meikle demand an apology for this uncompromising picture of household economy in his former homeland? Not a bit of it. He goes on to tell me of "the Aberdonian horse which refused to move despite severe personal harassment because of the 6d piece"—which dates that one a bit—"beneath its hoof"; and a folk remedy which even I have heard before, namely, that the way to cure an Aberdonian of sea-sickness is to place a 10s note between his teeth.

Mr Hamilton Meikle does, however, have a tale of his own to tell about an incident for which he makes the remarkable claim that it occurred only last week. A little mental effort is needed on your part, in that the alleged conversation takes place in a broad Irish accent. Try to imagine the narrator being, say, Ian Paisley.

Two geese were soaring through the winter skies over Belfast. The leader turned to its companion and said, as geese do, "quack quack." A look of irritation clouded the laggard's face. "I am being," he replied, "as quack as I can."

Finally, some more news from the Emerald Isle which may be of interest. The Irish Republic is, I gather, considering a phased conversion to driving on the right-hand-side of the road, in line with practice in most other EEC countries. The scheme will involve only heavy lorries to begin with, just to see how it goes.

Back up the Hill

As the port shuffles round the table at the end of Wednesday night's dinner to launch the Hill Samuel £150,000 small business award scheme, look hard and you may see a gleam of nostalgia in the eye of John MacGregor, the Government's small firm minister and Hill Samuel's guest of honour for the evening.

For MacGregor would not have to cast his mind back very far to remember when he was himself a director of Hill Samuel in pre-Ministerial days. Between 1970 and 1978, he was responsible for the banking group's regional offices, and the development of their services.

So happy, indeed, is the configuration of events that you might scarcely guess that fortune had played a part in its shaping. For I gather that the nama originally pencilled in at the top of Hill Samuel's guest list was that of Patrick Jenkin, Secretary of State for Industry. Jenkin, however, must instead attend an urgent meeting in Brussels—leaving MacGregor to step up from supporting to principal role.

The awards mark the 150th anniversary of Hill Samuel. The origins of the group date back to 1832, when Marcus Samuel began his trading activities with the Far East. His son, later to become the first Viscount Bearsted, pioneered the British oil industry with the formation in 1897 of Shell Transport and Trading—which he named after the sea-shells which his family firm imported to sell as ornaments for Victorian homes.

Observer

NATO AND POLAND

Inching towards a consensus

By Ian Davidson, Foreign Affairs Editor

CONSIDERING THE quarrels and recriminations which have led up to it, today's meeting of Foreign Ministers of the Atlantic Alliance on Poland may well turn out to be a surprisingly harmonious affair. The normal reflex of Alliance-watchers will be to say that the Ministers have papered over the cracks, splits, fissures, etc, in Nato. But it seems possible that, at the level of government policy and practical actions, some genuine degree of harmony may be attained.

This is not to suggest that any of the structural problems of the Alliance have been resolved. On the contrary, they remain as deep as ever, and in terms of popular feeling in a number of leading countries, such as the U.S., Germany and France, they have been made quite a lot more serious by the Polish crisis. The Germans clearly believe that the Americans have been excessively hawkish in their responses to the Polish crisis, and decidedly precipitate in announcing even limited trade sanctions against the Soviet Union without consulting their European partners. The Americans believe that the Germans have been cravenly self-interested in declining or delaying any explicit condemnation of the Soviet Union's role in the Polish crackdown. Indeed, the vituperation which Germany has received from the American media (and, more surprisingly, from that in France as well) is probably without parallel in the past quarter-century.

The most that they expect is a collection of words

In terms of what to do now, however, the two governments seem to have moved much closer together than seemed likely even a fortnight ago. In his talks with President Reagan, Chancellor Helmut Schmidt duly endorsed the view that the Soviet Union has a responsibility for the crackdown now in progress, and the Americans admitted that they had not properly noticed the rather strong all-party resolution condemning the crackdown which had been passed by the Bundestag on December 18. The Americans have been appeased by the meeting of the foreign ministers of the European Community a week ago, which undertook not to undercut the American sanctions, and which clearly implied a readiness to look at limited trade sanctions of their own in the next few weeks; the Germans have been deeply relieved by the American decision not to postpone the theatre nuclear force talks with the Russians.

Most striking of all is the modesty of American hopes for today's meeting. Speaking to the Press after the Schmidt-Reagan talks, General Alexander Haig, the Secretary of State, said that the U.S. was looking for "a convergence of assessment," for "a vigorous and robust and realistic common assessment," for "some substantial convergence of view," and for "very clear language with respect to Soviet responsibility for events and Soviet obligations to deal with those events." In short, a collection of words.

There are two inferences which one can draw from these mouselike expectations. The first is that the Americans have been forced to accept that the European allies have gone as far down the road toward economic sanctions as they are going to go *for the time being*, and that nothing will be served by trying to push for more just yet. Sanctions will have little or no effect unless they are widely supported and it is vital to ensure (after a *false start*) that the Alliance moves in step, even if the Americans have to adjust their pace.

The other inference is that the Americans, having started out with the reflex reaction of "shoot now, talk later," are no longer quite so sure what to do next to influence events in Poland, even if they had a free hand. After all, it is now just a month since the crackdown started in Poland and a little less than that since President Reagan announced his first, symbolic sanctions. The crackdown has continued, with results which censorship, at least until the latest relaxation, has made difficult to assess and the symbolic Reagan sanctions have apparently made no difference either to the Polish or the Russian leadership. In the circumstances, uncertainty about the follow-on is rather understandable.

This uncertainty is itself a reflection of the uncertainty about what is happening in Poland itself and about the real intentions of General Jaruzelski and his military Council. He and his spokesmen have repeatedly said they intend to maintain the process of reform in Poland. In the West we cannot know whether he genuinely means it nor, if he does, whether he can carry it through against the views of hard-liners in the party Apparat, to say nothing of those in Moscow.

Martyn Barnes

We certainly cannot assume that reform and a new national concordat is a quick and easy option. After all, Solidarity and the state negotiated for 16 months without reaching effective agreement on their respective rights and obligations. Indeed, it may be that the only quick option would be the maintenance of a harsh Stalinist regime. This means that the West must be prepared to consider the possibility that the Polish crisis will have to be played long.

When the Nato foreign ministers meet today, they will of course run over the options for economic retaliatory action which have been lying in a drawer for over a year. Though never published, these inevitably cover a wide range of possible restrictions on trade, and almost certainly include curbs on imports from, as well as exports to, the Soviet Union. Unfortunately, these options were designed to deal with the case of overt Soviet invasion, and whatever degree of complicity one chooses to ascribe to Moscow, that does not appear to be the present situation.

On the other hand, Western governments can easily agree on one thing, which is *not* to engage on any negotiations for the rescheduling of the Polish debts which fall due in 1982. In a sense this decision has already been taken, since the meeting of Western creditors due this week has been cancelled, and it is all the easier to take because the Poles have not yet concluded a rescheduling agreement for 1981 with the Western banks. *A fortiori*, Western governments will not offer any new trade credits for this year until they get some satisfaction on the way things are going in Poland. The combined effect of these pressures on the Polish authorities will steadily build up as week succeeds week; and if the political situation in Poland seemed to be deteriorating rather than getting better, any Western government could no doubt start to think of revoking last year's debt rescheduling, on the grounds that exceptional circumstances had now rendered the agreement invalid.

More fundamental than the question of sanctions, however, is the general conceptual framework of how the Western countries deal with the Soviet Union and its satellites. Here it would seem as though there has been a significantly bigger shift in the American position in recent weeks (or it may be months) than in that of West Germany. One of the more remarkable aspects of General Haig's Press conference last week was his emphasis on the importance of communications with the Russians. He held out the possibility of a meeting with Mr Gromyko, his Soviet opposite number, and even in certain circumstances of a meeting between Reagan and Brezhnev. In moments of crisis, he said, communication may be even more important than at other times. In this respect, the U.S. has come to share the German view.

Secondly, the Americans appear to have done a complete about-face on the vexed question of "linkage." President Carter put the second strategic nuclear weapons treaty on ice because of the Soviet invasion of Afghanistan, with the result that the U.S. now has to relaunch talks without any guarantee that the outcome will be better than before. But the U.S. is not calling off the theatre nuclear weapons negotiations with the Russians because (says Haig) President Reagan believes that "these talks constitute a very special category of East-West relations and, as such, they must be dealt with outside the context of what we would refer to as more normal East-West relationships, because there are fundamental advantages to the West as well as the East in the continuation of a dialogue seeking control of nuclear armaments." So much for linkage.

Third, there is the question of Yalta, Helsinki and détente. Some people assume that Yalta was a carve-up which simply handed over Eastern Europe without conditions. Not so. The Russians promised democratic institutions and free elections in "liberated Europe," and in the case of Poland specifically promised multi-party elections with universal suffrage and secret ballots. We all know what happened there, and in the rest of Eastern Europe. The Helsinki Final Act is much less specific than Yalta; but by now we do know that the Russians would not recognise the validity of any commitment to human rights if it was served up on a plate with blinis. We may believe that Helsinki helped precipitate the Solidarity revolution, but we know that, if the euphoria of détente in the early 1970s did wonders for East-West trade, it did nothing to shift East-West strategic relations.

A significant shift in recent weeks in the U.S. position

In this context, it may be significant that the French Government is reconsidering the amount of Soviet gas it may be prepared to buy: not in order to punish the Russians, but because the reliability of Soviet sourcing looks much more questionable when the stability of the Soviet empire is itself in doubt.

The fact is that Western governments cannot determine events in Eastern Europe, and should not try. The best they can do is say what kinds of things they will do to help, and what they wont. In the immortal words of Fats Waller:

"I'll sigh for you (yeah),
I'll cry for you (yeah),
I'll tear the stars down from the sky for you;
What more can I say? You want me to rob a bank?
Well, I won't do it!
If this ain't love, it'll have to do.
Until the real thing comes along."

Lombard

Time Treasury answered back

By Samuel Brittan

ON DECEMBER 17, 1981, readers of the Wall Street Journal learned, in sentences within quotation marks, some of which were attributed to named officials, what people in touch with the Bank of England already knew: that the Bank of England was highly sceptical of the Thatcher Government's economic policies.

The code cliché is, of course, the word "monetarism," which, according to John Fforde, a retiring executive director, "is a theology."; and "central banks are not theological places—at least, this one isn't" was his schoolmasterly rebuff. "Life will go on when some of the nostrums have died," added another official. "We may be less than enthusiastic," said a third, "but actual sabotage—that's ludicrous."

Public sniping between governments and central banks is a normal and reasonably healthy event in many countries. It is unusual, however, in Britain, where the sniping is normally conducted behind closed doors.

"What would have happened if Treasury Ministers or officials had made similarly trenchant criticisms of the lack of co-operation they have received from the Bank?" I asked a colleague. "It would have been our main front-page story," was his instinctive reply. In other words, "Bank criticises Treasury" is like "Dog bites man;" but "Treasury criticises Bank" is like "Man bites dog."

The Treasury has a good deal for which it could criticise the Bank: ranging from misleading intelligence about the effects of abolishing "corset" controls in 1980 to summit-level attempts to block a Medium Term Financial Strategy and opposition to indexed gilts, which really deserves the label "theological," especially when coupled with an advocacy of long-dated nominal stock at high double-digit yields with maturities stretching far into the 21st century.

This is quite apart from long-standing grievances about the way in which the Bank automatically expects to receive Treasury reports, but keeps much of its own analysis to itself. Nor are matters helped by the Stalinist insistence on doctrinal unity, once Governor Gordon Richardson has made up his mind. "There are many views on this subject in the Treasury," remarked the Chancellor at one meeting, "Do you mean to say that you are all agreed in the Bank?" The Governor's reported reply was: "My colleagues think the proposal bad. But I think it bad and mad."

The Bank's present cause célèbre is its attempt to ban the Hongkong and Shanghai's bid for The Royal Bank of Scotland. The fear is that a Hong Kong bank would be less amenable to the Governor's frown. For anyone who believes in a government of laws rather than of men, this would be highly desirable—not to speak of the benefits of banking competition.

Nor is it pleasing to hear people in the City heartily endorsing criticisms of the Bank, but saying that it is more than their life (or living) is worth to make them themselves. One merchant bank economist was reproved for ringing the Treasury for information instead of proceeding dutifully via the Bank.

But, at the end of the day, it is of the Treasury one feels most critical. For how can one respect an institution which takes all criticism—whether from the Bank, the spending Departments or the Cabinet "wets"—lying on its back with its paws in the air? Even after the Wall Street Journal article, it had no public response other than to keep the same low profile which has done itself and the British economy so much harm from the time of Concorde onwards.

It has preferred to lose battles rather than engage in unseemly public bickering. When the British ship of state finally sinks below the horizon, the last object to be seen will be a Treasury flag emblazoned with the motto: "At least the leaking did not come from us."

The Treasury's response to the Wall Street Journal incident should not be to flush the Bank into greater discretion but to allow its own Ministers and policy-minded officials to engage more directly in debate.

Letters to the Editor

Re-think called for in public transport policy

From the Chairman and Chief Executive of London Transport

Sir,—May I endorse the views set out by Dr John Whitelegg (December 30) on the need for a commonsense solution to the provision of, and the support for, an adequate level of public transport services for London—so vital to the nation's capital.

For those who—as Mr E Dixon (December 29)—reasonably complain about out-of-date practices (such as lack of automation) may I point out that compared, say, with the equivalent of £1.8bn of capital which has been available to the smaller Paris RATP during the past 10 years, London Transport received less than one-third that amount. Hence the relative ability of the Paris Metro to modernise extensively.

London Transport does not, as Mr Dixon suggests, "choose not to attempt to run automatic trains" and it does not "choose to operate a ticket issuing system which is costly and inconvenient." We are, in fact, well ahead with the development of an advanced automatic fare collection system which (however desirable) will require very substantial capital investment to install. Moreover, as further new rolling stock is provided, increased train automation will be introduced—as shown already on the Victoria Line. But, again, the rate of progress depends upon the availability of funds.

London Transport's cardinal task remains within the Act "to provide such public passenger transport services as best meet the needs of London," within the resources available and "so far as is practicable." The extent of those resources, and by whom they shall be provided, is at the kernel of the issues which follow the recent judgment of the Law Lords on the interpretation of the Transport (London) Act 1969. London Transport's total costs—at less than 1.8p a place-mile operated — bear comparison with those of any other major urban transport organisation but our rate of revenue-support is one of the lowest in the world.

My view is that a fundamental re-think of policy towards public transport in the United Kingdom is now required—to be coupled with the obligation, as stated in the Act, to provide services to meet the needs of London "with due regard for efficiency, economy and safety of operation."

To provide adequate public transport services in today's conditions, a compromise has to be struck between the prices charged to the traveller and costs borne by the community at large. Transport undertakings in major cities overseas receive—on average—revenue support in excess of 50 per cent of total costs. Hence fares are relatively low but total income relatively large.

A reasonable price for a reasonable service in London might well be achieved were a policy of revenue support to be based on a simple formula and incentive of £1 of subsidy for every £1 of commercial revenue earned. That would be less generous to the operator than the average of such subsidies overseas and it would demand efficiency to achieve satisfactory results. Moreover it would embrace a healthy incentive to keep costs down and to improve commercial income wherever possible.

In my view contracts, negotiated with a body representative of all those concerned (HMG, Greater London Council, boroughs and county councils) to provide agreed frequencies of services on London's buses and the Underground, at agreed prices, would be an effective and business-like approach, co-ordinated with British Rail and the National Bus Company.

Sir Peter G. Masefield,
55 Broadway, SW1.

A national audit office

From the Director, Chartered Institute of Public Finance and Accountancy

Sir, — There seems to be a general acceptance (including yourselves—December 21) that the Public Accounts Committee proposals for the development of a national audit office (including local authority and health audits) is incompatible with the Government's proposal to establish an audit commission responsible for the audit of local authorities in England and Wales. Indeed, the early day motion signed by over 250 MPs of all parties could, if taken to its logical conclusion, pose a threat to the Government's audit commission proposal.

Yet the two ideas of a national audit office and an audit commission need not be incompatible.

Independence of the auditors would be ensured by the constitutional divide between legislature and executive; modern audit techniques could take place across the public sector and the experience gained in one part could be readily used elsewhere; disposition of audit resources (particularly in the different regions of the country) would mean better use of audit expertise including a consistent approach to the use of private-sector auditors across the whole of the public sector; strengthening of central support services such as data banks and research facilities for auditors would greatly improve their efficiency; and a better career structure for auditors could be developed which would attract more high-quality entrants.

Local government opposed the national audit office idea when it was originally proposed on the grounds that it would allow Parliament to interfere in the development of policy by local authorities. Yet the audit commission could be the very device that local authorities (and perhaps the health authorities, too) need to give them the confidence that Parliament would not be able to interfere in their day-to-day affairs, should a national audit office be established.

Some changes would be needed to the Local Government Finance Bill particularly to allow for a merger of official establishments but, given that, the Government's audit commission proposals need not be threatened by the implication of the early day motion.

N. P. Hepworth.
1, Buckingham Place, SW1.

Investing in vital skills

From the Director, Understanding British Industry

Sir — Your leader "Investing in Vital Skills" (December 16) identifies a major problem in developing skills for working life — the competence of our present teachers to work in this field.

The whole schools and working life area is bedevilled by being strong on analysis and ideas and weak on implementation. For this reason the CBI Education Foundation's Understanding British Industry Project (UBI) has concentrated on programmes to improve teachers' competence and confidence to teach about business and the realities of working life. Many local education authorities, businesses and teachers are working together, but the number needs to increase substantially if the Government's training initiative for young people is to be effective. There must be a substantial increase in teacher secondments to industry and associated in-service training. Some companies already make their training facilities available to teachers, but this could be expanded. The cry will go out about "resources," but many schemes of co-operation between education and industry require only a shift in priorities rather than an increase in expenditure.

If, as a first step, each local authority could look at the training needs of teachers it employs and the help that business might provide locally, then we would be on our way to a population of young people that not only understand, but can contribute to business effectively.

J. W. Nisbet.
Sun Alliance House, New Inn Hall Street, Oxford.

Hidden subsidies need control

From Natalie Hodgson

Sir,—It is indeed welcome news that the recent "Gill golden handshake" is being brought to the attention of Parliament. If, indeed, a committee of inquiry is to be set up, then its scope should surely be extended to cover all the anomalies now existing in the field of company finance.

It is boring to repeat that Edwardes, Allport and Messervy, managing directors of BL, Metal Box and Lucas all took a salary rise of 30 per cent or so, while attempting to hold the humbler employees to single figures. It is almost unfair to use their names when other instances abound. BET has set aside 4m shares for the use of a few executives who can take options at 40p and sell at market price (currently 135p). This must have cost the company £2m or £3m over the past few years.

ANZ has produced an even more breath-taking idea. It is asking its shareholders to sanction company loans, not only to full-time executives, but also to their spouses and relatives. A company loan on preferential terms would of course be equivalent to a cash gift, if the money were to be invested profitably.

If we are to arrive at industrial harmony, hidden subsidies need to be controlled.

Natalie Hodgson.
Astley Abbotts, Bridgnorth, Shropshire.

Pension funds insight into Habitat plans

PENSION FUND investors in Habitat, the home furnishing group headed by Mr Terence Conran, have received amplification of the commercial logic of the ambitious £117m takeover of Mothercare. At a meeting with Habitat's merchant bankers, Morgan Grenfell, at the end of last week, a Case Committee of the National Association of Pension Funds asked for details of the future organisation of the enlarged group.

The committee was formed in view of the funds' concern that the specialist retail group to which they had subscribed in an offer for sale last October would be submerged by a deal with the much larger Mothercare. Ahead of the meeting next Thursday at which Habitat shareholders vote on the proposed merger, the group's pension fund investors are "now satisfied" that the areas of organisation product mix and geographic spread "have been studied in considerable depth by the Habitat and Mothercare managements and their advisors."

A statement by Mr Conran, covering the main points raised by the committee, said that "Habitat's strategy will be to re-establish Mothercare as 'experts' and specialists and to recapture the middle class market."

Mr Conran outlined several examples of the benefits which would accrue to each side after the merger, with particular emphasis on natural fibre content, design and merchandising. He expects to introduce "branded and imported clothes as a short-term measure to speed the process of change."

He felt that the deal would "speed the appointment of an experienced fashion merchandiser in Mothercare, U.S."

Clayton acquires Philson

Clayton Son and Co. (Hldgs.) acquired 90 per cent of the capital of Philson Engineering for £288,000 cash on December 31 1981. The sale is deemed to take effect from September 1 1981.

Clayton's has also agreed to acquire the remaining 10 per cent of the share capital of Philson for £32,000 cash payable on December 29 1983. If the aggregate net profits before tax of Philson for the period September 1 1981 to August 31 1983 exceed £160,000, Clayton's shall pay to all the vending shareholders, pro rata, an amount equal to four times the difference between the aggregate net profits of Philson for that period and the sum of £160,000 up to a maximum sum of £80,000 payable on December 29 1983.

The last audited accounts of Philson for the year ended August 31 1981 showed net pre-tax profits of £53,709 and net assets of £208,973 after deducting deferred grants and deferred tax of £98,896.

On December 31 1981 Philson entered into service agreements with the existing executive directors, Mr P. Phillips, Mr J. E. Harrison and Mr J. B. Davies in their present capacities at salaries aggregating £36,576 plus, in each case, a commission of 2 per cent on the pre-tax profits of Philson.

The earliest date of termination of each agreement is December 31 1985.

SPAIN

1982 High	Low		Jan. 8 Price %
339	251	Banco Bilbao	337
345	280	Banco Central	338
320	229	Banco Exterior	303
330	239	Banco Hispano	325
128	115	Banco Ind. Cat.	115
383	284	Banco Santander	347
219	148	Banco Urquijo	213
366	263	Banco Vizcaya	356
252	203	Banco Zaragoza	216
165.5	82	Dragados	127
75	45	Espanola Zinc	60
72	55	Fecsa	60.7
55	22	Gal. Preciados	43
82.7	63.5	Hidrola	66.5
62.5	50	Iberuero	53
102.5	70	Petroleos	89.7
104	70	Petroliber	100
102	40	Sogefisa	40
63.5	80/60	Telefonica	72
78.2	60	Union Elect.	62.5

CHURCHBURY EST./LAW LAND

The directors of Churchbury Estates and the Law Land Company state that Law Land has sold by tender its long leasehold shop investment in 1-24 Queens Parade, Hastings, for £4.01m in cash against a book value of £1.55m (valued in 1979).

The annual net loss after related borrowing costs attributable to this property was £23,035. The funds are to be used to repay short-term debt. As a result of this transaction, pre-tax profits in 1982/83 should improve by approximately £400,000.

Linfood places holding in Bishop's Stores

Linfood Holdings, the cash-and-carry food group, has placed its holding in Bishop's Stores with the Courtauld Pension Fund. Its 12.2 per cent holding of the voting shares was worth about £360,000 at Friday's unchanged price of 170p and its 38.3 per cent stake of the non-voting A shares was worth around £1.2m at the price of 92p, down 4p on the day.

Following on from the sale of the wholesale division (subject to shareholders' approval), yesterday's move continues the balance sheet adjustments in the wake of the costs of fighting off last year's £91m take-over bid from Argyll Foods.

RECEIVER SELLS TWO COMPANIES

Mr Richard C. Turton of Spicer and Pegler, Nottingham chartered accounts, Receiver and Manager of Ste-Co Products and Steel Construction and Engineering Company (Notts.) says the business and assets of both companies have been sold on a going concern basis to Cranthorpe.

The sale should ensure the continued manufacture of the companies' products in Sutton-in-Ashfield and preserves employment for the workforce.

LOVABLE SALE

At the request of Berlei (UK) and Lovable Spa, of Italy, the joint receivers of the Lovable Company have reached an advanced stage of negotiations whereby the business is expected to be sold to Lovable Spa by the end of this month.

Lovable Spa will establish a wholly-owned subsidiary in the UK, to be known as Lovable (UK) Limited.

It is understood that Lovable Spa will enter into an association with Berlei (UK) in order to facilitate and benefit from the development of both businesses in the UK.

Prior to completion of the contract with the receivers, both Lovable Spa and Berlei (UK) are carrying out a study of all Lovable activities in the UK, including marketing, sales, distribution and production.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetable.

TODAY

Interims:—Courts (Furnishers), Ellis and Everard, Magnet and Southerns, H. Samuel, Wheway Watson.

Finals:—A. G. Barr, Braid Group, Claverhouse Investment Trust.

FUTURE DATES

Interims:—

City of London Trust	Jan 27
Danae Investment Trust	Jan 13
Westpool Investment Trust	Jan 19

Finals:—

Glass Glover	Jan 26
Stakis (Reo)	Jan 13

Mr. Morton's difficult task

BY WILLIAM HALL

GUINNESS PEAT	Net worth* £m	Net borrowings £m
1978	39.0	59.3
1979	41.1	65.5
1980	43.2	70.3
1981	42.6	106.1

* Excluding goodwill.

Alastair Morton celebrates his 44th birthday this morning by starting work as the new chief executive of the troubled Guinness Peat group, which is almost certainly the most difficult job he has taken in his relatively short but distinguished financial career.

He inherits a group which is expected to report shortly a first half loss, is overborrowed and whose management morale has been seriously undermined by the long-running feud between Lord Kissin, the group's founder and president, and Mr Edmund Dell, his hand-picked successor.

His first, and most important, task is to settle Lord Kissin's future relationship with the group, something Mr Dell, who is staying on as non-executive chairman, failed to achieve. As one banker close to the group commented: "it is Lord Kissin's continuing influence in the corridors of Guinness Peat and his Rolls-Royce outside the front door, which is the main problem."

Ever since Lord Kissin handed over to Mr Dell and left the board in November 1979 he has continued to play an active role in the company's affairs. Under Mr Dell, the group has sold off many of the interests which Lord Kissin had brought into the group.

Mr Dell has been anxious to reduce the group's borrowings but Lord Kissin felt that some of the sales, such as the group's stake in Linfood Holdings, have been made at unnecessary low prices.

Lord Kissin was supported in his views by some of the non-executive directors and despite attempts at reconciliation it became clear towards the end of last year that Lord Kissin would only be happy if Mr Dell was removed as chief executive. He had already notified the board that he was considering a partial bid for a significant stake (thought to be 20 per cent) in the group.

Lord Kissin has welcomed Mr Morton's appointment. He said on Friday: "I am anxious to help Mr Morton in any way I can to restore confidence in Guinness Peat's future as an independent entity, to remove any uncertainty, and to reassure shareholders, management and staff at all levels."

The two men were scheduled to meet over the weekend to discuss their views and Mr Morton said he wanted to continue to draw on Lord Kissin's expertise. However, he also said that he had limited patience with continual dissension.

The hope is that Mr Morton's appointment, which has been made with the Bank of England's approval, will end a period of uncertainty which, in the words of last week's brief board statement, "has been most damaging to the company."

The intention now is to develop the group's potential as a "widely based financial services and international trading group."

Mr Morton has an open mind about the group's future plans. Aside from solving the problem of the group's relationship with Lord Kissin he says that the level of borrowing requires "positive action."

He has no firm views on earlier plans to bring in outside capital into Guinness Mahon, the accepting house, but admits that banks have an "appetite for capital."

He sees many advantages in a financial services group being associated with a first-class merchant bank and feels these advantages have not yet been fully realised in the Guinness Peat group in the past.

"I would like to see the relationship between trading clients and the bank work more successfully," says Mr Morton.

He plans to review the group's operations with an open mind and says he hopes to bring to the group an "ability to order its priorities and negotiate positively."

However, time is not on his side. The group still needs to reduce its borrowings substantially and its executives are aware that several would-be suitors have been doing their sums about the break-up value of a group capitalised at no more than £60m currently.

While Guinness Mahon is regarded as one of the prize parts of the group, given its accepting house status, it is too small at present to operate effectively as an international merchant bank.

Finally, there is the problem of Lord Kissin whose energy and determination built the group in the beginning, but whose continued involvement is sapping management morale. If Mr Morton cannot succeed as chief executive it is hard to see who else could.

UK Provident makes its first annual declaration

HIGHER RATES of reversionary bonus rates have been declared by the United Kingdom Provident Institution for 1981, the first time the company has made an annual declaration. Previous declarations were made every three years.

On life policies the rate is £4.85 per cent of the sum assured and attaching bonuses—equivalent to around £5.09 per cent on a three years basis. The 1980 three-year bonus rate was £5 per cent. On pension contracts the new rate is £5.65 per cent equivalent to around £5.97 per cent on a three-year system. The 1980 bonus rate was £5.75 per cent.

The company has also improved its terminal bonus rates for claims in 1982. On life contracts the new scale will vary from 35 per cent to 50 per cent of attaching bonuses against the previous scale of 20 per cent to 35 per cent. For pensions the rate is a fixed 25 per cent of attaching bonuses.

Higher bonus rates have been declared by the National Provident Institution for 1981. The rate for life policies issued since 1976 is lifted 10p to £4.65 per cent of the sum assured and attaching bonuses. For pre-1976 policies, the rates are improved 15p to £5.80 per cent of the sum assured for whole life contracts, £6.30 per cent simple for endowments maturing at age 70, £5.80 per cent simple for endowments maturing at age 60 and £5.55 per cent simple for endowments maturing at age 50 or less.

The bonus rate for self-employed pension plans is lifted 20p to £6.65 per cent compound for current series contracts and to £6.15 per cent for policies written before May 1, 1971.

On the Visible Growth Fund and Capital Pension Plans, the bonus interest rate is lifted ¼ per cent to 8¾ per cent making a total interest rate of 14¼ per cent.

NPI also reports a good year for new life and pensions business in 1981 with new annual premiums rising over 5 per cent from £12.4m to £13.1m and single premiums increasing by two-thirds from £13.8m to £22.5m.

The growth in business came from sales of self-employed pensions contracts, a field in which the company is particularly strong. New annual premiums were nearly 30 per cent higher at £5.9m while single premiums more than doubled to £16.1m. New premiums on company pension business were 5 per cent higher at £11.6m, but ordinary life premiums fell 12 per cent to £2m.

PENDING DIVIDENDS

Dates when some of the more important company dividend statements may be expected in the next few weeks are given in the following table. The dates shown are those of last year's announcements, except where the forthcoming board meetings (indicated thus*) have been officially published. It should be emphasised that dividends to be declared will not necessarily be at the amounts in the column headed "Announcement last year."

	Date	Announcement last year
Assoc. Dairies	Jan 28	Int. 1.75
Assoc. Fisheries	Feb 19	Final 0.75
*Assoc. Newspapers	Jan 14	Final 5.9
Assoc. Paper Inds.	Jan 15	Final 0.79
*Berisford (S. and W.)	Jan 14	Final 6.5
Birmid Qualcast	Feb 18	Final nil
BET	Jan 15	Int. 1.863
Brown (J.)	Jan 30	Int. 1.75
Centrovincial Estates	Feb 12	Int. 1.33
City Offices	Feb 10	Sec. int. 1.8
Dsejan	Feb 18	Int. 1.225
*Daily Mail and Gen. Trust	Jan 14	Final 16.5
Dalgety	Feb 18	Int. 11.0
*Dixons Photo	Jan 14	Int. 1.312
Dowty	Feb 12	Int. 2.2
*Eurotherm Intl.	Jan 27	Final 3.0
*Fitch Lovell	Jan 28	Int. 1.491
Guinness Peat	Feb 10	Int. 2.75
*Hogg Robinson	Jan 12	Int. 3.0
*Imperial Group	Feb 11	Final 4.5
*Kenning Motor	Jan 12	Final 3.75
*Lloyds Bank	Feb 19	Final 9.8
Lonrho	Feb 5	Final 6.0
*MFI Furniture	Jan 19	Int. 1.1
*Magnet and Southerns	Jan 13	Int. 2.0
Merchwiel	Feb 18	Final 3.8
*Mercantile House	Jan 25	Int. 5
*NatWest	Feb 23	Final 12.25
*Racal Electronics	Jan 13	Int. 1.15
Rank Org.	Jan 21	Final 8.0
*Ratners (Jewellers)	Jan 12	Int. 0.67
*Raybeck	Jan 15	Int. 1.131
*SGB	Jan 12	Final 3.0
*Samuel (H.)	Jan 11	Int. 1.5
Securicor	Feb 18	Final 1.11
Security Services	Feb 18	Final 1.8
Sime Darby	Feb 19	Int. 10%
Smith Bros.	Feb 19	Int. nil
*Tate and Lyle	Jan 20	Final 8.5
*Thorn EMI	Jan 14	Int. 4.05
Trusthouse Forte	Jan 21	Final 9.643
*Union Discount	Jan 27	Final 14.0

* Board meeting intimated. † Rights issue since made. ‡ Tax free. § Scrip issue since made. ¶ Forecast.

FT Share Information

The following securities have been added to the Share Information Service:

Asprey & Company (Section: Drapery & Stores).

Five Oaks Investments (Property).

Good Relations Group (Paper, Printing).

Hardanger Properties (Property).

Staffordshire Potteries 10% Conv. Cum. Red. Pref. (Industrials).

United Computer & Technology Holdings (Trusts, Finance, Land).

Public Works Loan Board rates

Effective January 9

Years	Quota loans repaid by EIP†	Quota loans repaid A‡	Quota loans repaid at maturity§	Non-quota loans A* repaid by EIP†	Non-quota loans A* repaid A‡	Non-quota loans A* repaid at maturity§
Up to 5	16⅝	16⅝	16¾	17⅛	17⅛	17¼
Over 5, up to 6	16½	16⅝	16⅞	17⅜	17⅜	17
Over 6, up to 7	16⅝	16⅝	16⅞	17⅜	17⅜	17
Over 7, up to 8	16⅝	16⅝	16¾	17⅜	17⅜	17
Over 8, up to 9	16¾	16¾	16½	17⅜	17⅜	17
Over 9, up to 10	16⅝	16⅞	16⅜	17⅜	17⅜	17
Over 10, up to 15	16⅝	16⅝	16½	17⅛	17	16⅞
Over 15, up to 25	16⅛	16	16	16⅞	16⅞	16⅝
Over 25	16	15⅞	15¾	16⅜	16⅜	16⅜

* Non-quota loans B are 1 per cent higher in each case than non-quota loans A. † Equal instalments of principal. ‡ Repayment by half-yearly annuity (fixed equal half-yearly payments to include principal and interest). § With half-yearly payments of interest only.

CREDITS

Tougher terms for Mexico

BY PETER MONTAGNON

IT HAS NOT been a happy start to 1982 for Mexico. Apart from the $2 a barrel cut in the price of its heavy crude oil announced last week, the Finance Ministry has also had to bow to the inevitable and accept a sharp increase in margins on public sector Eurocredits.

This development, confirmed by the terms for a $400m credit for the agriculture bank, Banrural, announced on Friday, quickly became last week's talking point in the syndicated credit market.

Banrural is paying a margin of ⅞ per cent over London interbank offered rates (Libor) for an eight-year credit to be arranged through Lloyds Bank International. Verbal agreement on the conditions was reached last week and the formal mandate is expected to follow this week.

Lenders will have an option to contribute funds at a margin of ¾ per cent over U.S. prime rate, but the Libor margin is a full ¼ point over that on Mexico's last deal, a $500m package for the state development bank Nafinsax.

Bankers had been expecting margins on Mexican credits to rise in view of the country's very large borrowing requirement, estimated at some $20bn gross this year. The question being asked on Friday was whether an increase to ⅞ per cent over Libor would set a new and viable level for future loans.

A number of other medium-term borrowings are still believed to be under discussion in Mexico, including a large credit for the state oil concern Pemex which had previously been expected to open the New Year borrowing programme.

Simultaneously syndication started last week of the United Mexican States DM 400m credit mandated to Deutsche Bank at the start of December. This credit bears a margin of ⅝ per cent over London Euro-Deutsche Mark rates for four years but it can be extended for a further four at the option of banks.

The New Year's market was thus left with something of a Mexican flavour, as little new business was reported from other quarters. Many bankers expect a fairly sluggish start to 1982 given the volatile state of the market and nervousness surrounding the Polish debt rescheduling.

Among deals launched before the holidays, Venezuela's $500m was reported to have gone better than expected. A total of some $140m was raised in syndication and speculation was growing on Friday that the final amount of the deal could be increased.

But the $400m credit for Argentina's state oil concern YPF was making slow progress, due to what many bankers perceive as misguided marketing strategy. A complicated structure was devised for selling the credit to participants in the market which a number of bankers claim is hard to understand.

Elsewhere Italy's state investment concern IMI has completed a $200m, eight bank club loan led by National Westminster and Sanwa Bank. The five-year credit bears a margin of ⅜ per cent for the first two years and ½ per cent thereafter.

These margins are lower than is normal for Italian credits but the deal's attraction is enhanced by its exceptionally short average life of 2¾ years.

Austria has again managed to raise funds at a margin of ⅜ per cent over 10 years. This time the borrower is the state industrial holding concern Oesterreichische Industrieverwaltungs AG which has raised DM 200m in a two-tranche credit led by the Viennese Girozentrale. Half the amount was syndicated among Austrian banks and the rest was offered internationally on a club basis.

For the coming week reschedulings remain high on the agenda with Western government creditors of Poland due to meet in Paris on Thursday and bank lenders to Costa Rica in Miami on Wednesday.

Little substantial progress is expected from either meeting, however. The Polish debt rescheduling has become bogged down by the aftermath of martial law, and both countries face problems keeping interest current on their outstanding debt.

The interest issue is expected to dominate the Costa Rican talks, which will not be helped by the fact that Libra Bank is appealing against a decision by a U.S. court denying it an attachment order on assets of Banco Nacional de Costa Rica.

INTERNATIONAL BONDS

Mitsubishi brightens lacklustre market

By Alan Friedman

JAPANESE borrowers are returning to the Eurobond market with last week seeing the appearance of a hitherto unknown animal—a Japanese bond offer with detachable warrants to purchase equity.

The deal is a $50m five-year offer for Mitsubishi Chemical and it is reported to be doing very well. In a generally lacklustre market, the Mitsubishi issue was comfortably oversubscribed 48 hours after its launch.

The Mitsubishi issue was one of four Japanese bond offers in Europe last week. The other three were directly convertible into equity.

But the Mitsubishi deal, which is set to be priced tomorrow, is the most innovative offer to come out of Japan for a long time. Each bond—which has a $5,000 denomination—carries one warrant which can be detached upon delivery and exercised one month later.

The warrant is valid for the full five-year life of the bonds and the exercise price will be fixed tomorrow on the basis of a premium of around 2½ per cent above the average share price of the previous six days. The number of shares a warrant may used to purchase will also be decided on a formula basis.

Considering that the warrant provides a five-year option, the expected premium seems quite reasonable. But what is the *true value of the warrant?*

When the deal was launched on Tuesday the warrants traded at around 17 per cent in the grey market. By Friday the warrants were being quoted at 15½ per cent to 16 per cent with the bond trading at around 83½ per cent.

The bonds, with an expected coupon of 11 per cent, would yield 16.04 per cent at 83½. This compares favourably with any Japanese convertible yields, which are basically equity investments in the long-term.

The warrants would prove profitable when buying shares only if the shares rise by at least Y50, assuming current exchange rates.

This Mitsubishi deal seems to offer something to both the borrower and the investor. The borrower gets $50m at a coupon rate significantly lower than in the fixed-rate sector. There is also the prospect of up to another $50m in equity investment.

The investor gets a reasonable bond yield at current price levels. In addition, there is the speculative element of the warrant and the oppotunity to exercise an option on Mitsubishi shares in the next five years.

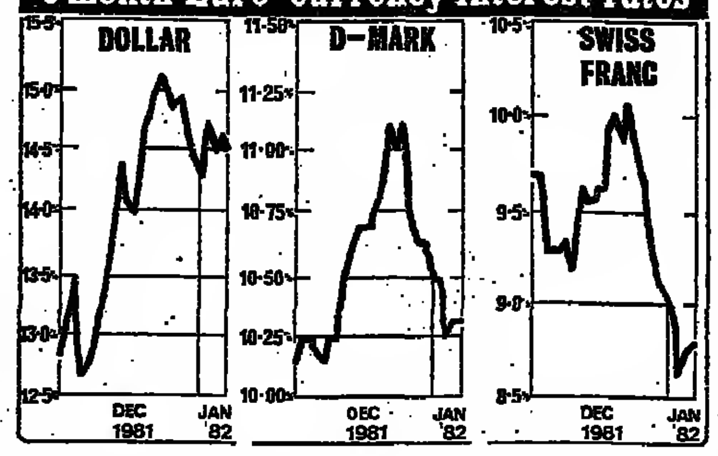
Last week was fairly difficult elesewhere in the Euromarket. With the exception of the Banque Francaise du Commerce Exterieur issue, which was increased from $250m to $400m, there was little primary market activity. The enthusiastic response to the BFCE issue is a major feather in the cap at the Republic of France and for French institutions following the market's post-Presidential election apprehension.

In the secondary market prices were adrift last week as traders searched for a new level at which to start the New Year. There was some swopping from Eurodollar, D-mark and Swiss franc bonds into U.S. Treasury bills and Yankee bonds, but European markets were relatively quiet.

In the D-mark bond sector there is some cautious optimism about short-term interest rates. The foreign bond calendar, to be aet today, should be a hefty one.

Back in the Japanese convertible sector, the flow of issues will continue today with a $40m 15-year offer for Hitachi Cable through Nomura Securities. The coupon will be around 5½ per cent, the same level as Friday's $80m Nippon Electric convertible.

6 month Euro-currency interest rates



REDEFINING U.S. MONEY SUPPLY

Shifting monetary sands hamper Fed's control

BY DAVID LASCELLES

MUCH CONFUSION has arisen on Wall Street in recent months over quite how "tight" a monetary policy the Federal Reserve has been pursuing, largely because of the sharply differing behaviour of the various Ms, or money supply measures, the Fed tries to control.

Looking at the narrow measure, M1-B, which rose only 2.5 per cent in the first 11 months of last year, policy looks "tight." But M2, the broader measure, rose just over 10 per cent in the same period, making policy look quite "loose."

The reason is that money has been fleeing M1-B (which includes bank current accounts, which yield little or nothing, and money in circulation) into high yielding havens like savings accounts and money market mutual funds which fall under M2. So ironically, the tighter the Fed squeezed last year, the higher interest rates went, and the faster M2 grew.

Given that the Fed still seems to be committed to a monetary policy that depends largely on targeting the growth of the money supply, these shifting monetary sands are making life increasingly difficult.

Add to that all the financial innovations that Wall Street is cooking up such as cash management accounts that automatically transfer money between bank accounts, money market funds and securities, and the whole question of defining money in its various forms becomes tremeodously complex.

Although the Fed believes the problem is still manageable, its top officials are already giving serious thought to the changes that will have to be made in the years ahead as to how the money supply is defined and controlled.

Mr Anthony Solomon, president of the New York Fed, recently unburdened himself of his thoughts on the matter in a speech predicting that innovation and deregulation in the U.S. financial industry could make it difficult for the Fed to control any money supply definition that had any meaning—a prospect that would alarm any central bank.

The point of his speech was not to ring the alarm bells but to set people thinking about possible remedies, of which he suggested a few.

One would be to create a wholly new money supply definition which includes all transactions accounts, whether bank accounts, money market mutual funds offering cheque-writing privileges and so on, and subject them all to reserve requirements thus building what he called "a moat" around them.

Currently only banks have to deposit reserves with the Fed. These vary according to the size and term of the funds deposited. The Fed recently failed to persuade Congress to legislate similar requirements for money market mutual funds, many of wbicb it argued are just bank accounts in disguise.

This new aggregate could then be controlled both by changing reserve requirements and influencing interest rates.

But there would be problems. How well would the new aggregate respond to changes in interest rates? Politically, would Congress be willing to give the Fed wider powers to impose reserve requirements? Probably not in its present mood. Even if it did, the financial community would complain about the "tax" that reserve requirements represent because the Fed does not pay interest on them.

Alternatively, the Fed could target the growth of total bank reserves (which it does to some extent already), or the monetary base much favoured by monetarists. But although both are controllable, they tend not to change closely enough with the economy at large to be a useful policy guide.

A third possibility might be to replace the money supply targets with a measure of credit, like bank credit. But again there could be control problems. In all these cases, Mr Solomon fears that the financial community will only invent new instruments or money accounts that escape the Fed's control net.

Mr Solomon even predicted that the Fed might have to play down money supply targeting altogether and articulate its goals in new terms, such as growth of nominal GNP, which would imply trying to manipulate the growth of the economy as a whole—an awesome prospect.

CURRENT INTERNATIONAL BOND ISSUES

Borrowers	Amount m.	Maturity	Av. life years	Coupon %	Price	Lead manager	Offer yield %
U.S. DOLLARS							
BFCE†‡	400	1987	5	5¼Φ	100	CSFB, Credit Lyonnais	5.319Φ
Mitsubishi Chemical	5b	1987	5	*	100	Morgan Stanley, Yamaichi	*
Minorco§	60	1997	15	*	100	Hambros	*
Orient Finance§	60	1997	15	*	100	Nomura Intl.	*
Nippon Electric§	80	1997	15	*	100	Daiwa	*
CANADIAN DOLLARS							
Nat. Bank of Canada‡	50	1988	6	16½	100	Societe Generale	16.500
D-MARKS							
ECSC‡	125	1987	5	9¾	100	Deutsche Bank	9.750
ECSC‡	60	1994	8½	9¾	100	Deutsche Bank	9.750
SWISS FRANCS							
Ansett‡	50	1991	—	7¼	101	Handelsbank	7.355
Oest. Donaukraftwerke‡	100	1991	—	7	100¼	SBC	6.929
TransCanada Pipelines‡	100	1994	—	7	100½	UBS	6.937
Nihon Radiator**§	40	1987	—	*	100	CS	
ENEL‖‡	100	1991	—	8	99½	Banque Gutzwiller, Kurz Bungener, CCF (Suisse)	8.112
GUILDERS							
BFCE‡	100	1984	9½	12½	101	AmRo Bank	12.040

* Not yet priced. ‡ Final terms. ** Placement. † Floating rate note. Φ Minimum. § Convertible.
†† Registered with U.S. Securities and Exchange Commission. ¶ Purchase fund.
‖ Issue may also be sold on an FRN basis.
Note: Yields are calculated on AIBD basis.

INTERNATIONAL CAPITAL MARKETS and COMPANIES

U.S. BONDS

Turn-of-the-year turbulence

BY DAVID LASCELLES

TURN-OF-THE-YEAR turbulence is what some people call the bumpy ride the U.S. credit markets have been through in the last fortnight. Bond prices were all weaker on balance last week, though there were lots of ups and downs.

Short-term rates showed less change, but no less volatility. Wall Street seems to hope that the markets will sail through to calmer waters later this month, but the turbulence may not yet be over.

Much of it had to do with worries about the money supply. After the previous week's strong growth, M1-B fell by only $1.4bn last Friday, less than the market had expected. So, on the charts at least, the bulge still looks big. This week's figures are expected to be specially bad for technical reasons (the timing of social security payments at the beginning of this month). But in the past, the market has always responded badly to big jumps in the money supply, however well advertised in advance.

The Government deficit has also returned to haunt the market. This is not a subject anyone approaches coolly, and economists' assertions that deficits do not matter during recessions were little comfort. All eyes are now on the prospects for the 1983 budget which President Ronald Reagan will announce in the coming weeks. Unless it contains sharp tax increases, including personal income tax, Wall Street's confidence is unlikely to be bolstered.

It was noticeable that when Mr Donald Regan, the Treasury Secretary, said last week that extra taxes were being considered he made no impact on the market at all. As one commentator said: "Wall Street wants not only big tax increases, but ones which it thinks will get through Congress. That's asking a lot."

The market's greatest solace is that the economy appears to be going through a nasty recession, and the prospect of a rebound in loan demand from the private sector has receded. Last Friday's announcement of an 8.9 per cent unemployment rate for December, the second worst ever, was "good" news for bonds. Investors will be watching the statistics this week anxiously for further signs. On Friday, the Government will announce the producer price index, which is likely to be up about 0.5 per cent, and industrial production, which could be down 1 per cent.

Part of the problem with the strength of money supply growth is that it places the Federal Reserve in an increasing dilemma. Should the credit policy makers tighten the reins to bring M1-B back under control at the risk of stifling the economy? Or can they afford to ignore the money bulge in the interests of fostering a recovery. Fed officials admit that the dilemma is looming, but only if money supply continues to rise.

The market's weakness last week pushed borrowers back on the sidelines — not surprisingly since the borrowing cost for corporations has gone up nearly 2 percentage points since the bond market peaked.

Whether they will be able to come back soon is a moot point. The Treasury is due to sell a record of nearly $40bn of debt this quarter and it will take a robust market to handle much corporate debt on top of that.

U.S. INTEREST RATES (%)

	Week to Jan 8	Week to Dec 31
Fed funds wkly. av.	12.54	12.82
3-month Treas. bills	11.50	11.09
3-month CD	12.90	12.70
30-year Treas. bonds	14.23	13.82
AAA Util.	15.75	15.25
AA Industrial	15.00	15.50

Source: Salomon Bros.

Montedison drug unit lifts sales

By Our Financial Staff

GROUP TURNOVER of Farmitalia-Carlo Erba, the largest Italian pharmaceutical concern, rose 30 per cent to L650bn ($515m), last year while profit "should be widely higher than L16bn posted in 1980," Mr Ugo Niutta, the chairman said. The figures are provisional.

He said that group indebtedness was cut by L60bn last year but he did not give the total. Turnover is expected to grow by an average of 25 per cent a year until 1984.

Mr Niutta made his comments at a shareholders assembly which approved a capital increase to L70.86bn from L54.51bn. The company which is a Montedison unit, will make a one-for-10 scrip issue and a one-for-five rights issue at L2,000 a share.

Following the issue, Montedison's stake will fall to 70 per cent from 89 per cent.

VW in talks with SEAT on production in Spain

BY ROBERT GRAHAM, IN MADRID

SEAT, Spain's largest producer of cars, is discussing with Volkswagen the assembly of VW's Polo and Derby cars in Spain. The companies have been in contact since last April and matters are sufficiently advanced for VW to send a 12-man team to Spain. It is due here today.

News of these contacts was given in detail yesterday by the El Pais newspaper. No one was available at Seat yesterday for comment. However, motor industry sources confirmed that there had been contacts between the companies.

Seat has been searching for foreign help since Fiat decided in June, 1980, not to lift its stake in the company to full control. Fiat subsequently sold for a token sum its stake to INI, the Spanish state holding company.

Although VW's name has been mentioned before, INI, which now controls Seat, seemed to be concentrating on seeking Japanese help. As recently as September INI said it was close to an agreement to assemble 10,000 to 15,000 Toyota cars a year.

VW admitted last week that it was in discussions with Seat but added that nothing concrete had been agreed. VW had no additional comment yesterday.

Seat sees licensing and assembly agreements as only short-term measures while it continues its search for a new international equity partner.

Seat is proposing to VW that it assemble 135,000 Polo or Derby cars at its most modern plant on the outskirts of Pamplona. This effectively represents Seat's current surplus capacity out of a total of 400,000 cars a year and will enable it to switch its Pamplona production to other plants, principally Barcelona.

Seat is now concentrating on two main models, the Panda and the Ritmo, both with Fiat technology, and it intends to produce these as long as they have a market life.

The proposed deal has three attractions to VW. It would gain access to the Spanish market; it would be investing very little initially; and it would also have the right to import 17,000 cars a year, probably Audis.

However, one important problem could be the attitude of VW's labour force in Germany.

Seat is believed to have lost some $200m in 1981. This, coupled with the delay in finding a new international partner, is forcing it to think of developing its own technology for volume production in the mid-1980s.

INTERNATIONAL APPOINTMENTS

New president for Massey Ferguson

● Mr Vincent D. Laurenzo, senior vice-president of planning and administration, has been appointed president of MASSEY-FERGUSON, Toronto. Mr Victor A. Rice, who previously held that title as well as chairman of the board, remains chairman and chief executive officer.

Mr Rice said Mr Laurenzo's appointment is more a change of title than of role. The company is going through a reorganisation putting farm and industrial machinery together in one division worldwide, with a similar world engines division, finance and some smaller operations.

Mr Michael Hoffman has been appointed president-designate of the farm and industrial equipment division and Mr James Felker president-designate of engines division. Mr Hoffman was previously vice-president, Europe, world export and southern hemisphere operations, and Mr Felker vice-president of the engines group.

● Mr David Hodgkinson has been appointed manager of the Zurich branch of the HONG KONG AND SHANGHAI BANKING CORP.

● Mr Erich Haas has been appointed managing director of the Swiss International trading house VOLGART BROTHERS, Winterthur. Mr Marcel Nietlisbach joins the board while remaining a company manager.

Mr A. C. van der Linden, group corporate planning manager has been appointed company secretary for HUTCHISON WHAMPOA HONG KONG in addition to his role as group corporate planning manager. Mr G. H. Tilbury, investment manager, has been appointed group treasury and investment manager of Hutchison Whampoa. Mr Ian Wade has been appointed managing director of A. S. WATSON AND CO., a wholly-owned subsidiary of Hutchison Whampoa. Mr Wade will take up his appointment in early March. He is presently an associate director of the ASDA supermarket chain, a subsidiary of the Associated Dairies group in the UK.

Mr Paul Fox, presently retail division manager, has been promoted to director and general manager, retail division of A. S. WATSON AND CO. Mr P. M. Bros and Mr G. R. Ashman have been appointed executive directors of Harbour Engineering Company, a subsidiary of Hutchison Whampoa.

● Mr Eric Sjogren, general manager of BURSON-MARSTELLER, Brussels, for the past three years, has been named director of European financial relations. His position is taken by Mr Richard Plumridge, the former deputy general manager. Both men are vice-presidents.

● Mr Muzaffar Rashid has been named new manager of the United Bank, Zurich.

● Mr Paul Tiller, an Englishman, has been appointed controller, Philip Morris International, New York.

● R. J. BROWN AND ASSOCIATES, Zug, Switzerland, has appointed Mr Andrew C. Palmer as vice-president of engineering and member of the executive committee. Based in Holland, Dr Palmer will assist in the management of the RJBA group of companies.

● Mr Robert C. "Barney" Barnd has been named president, international sector of the PARKER HANNIFIN CORPORATION. He replaces Mr Alfred W. Lindstrom, who has retired. Mr Barnd has been president, Parker Europe, based in Watford, since 1977. His new duties will include responsibility for finance, administration, manufacturing and marketing for all Parker operations outside of North America, including export. He will move from Hertfordshire to Pepper Pike, Ohio. Parker Hannifin is a leading supplier of components for fluid systems in industrial, automotive and aerospace markets.

● SANTA FE MINERALS (UK), has transferred Mr Allyn B. Henderson, executive vice-president to Houston, Texas as president of the newly formed SF Exploration Inc., which will specialise in offshore exploration in the U.S. His successor in London will be Mr Cedric E. Morgan, who has been promoted to senior vice-president, supported by Mr Michael T. Lynch, vice-president. In addition, Mr R. A. Stewart has been promoted to director of finance and Mr Roger G. Turner to chief reservoir engineer.

● THE POON GROUP of companies has made the following appointments in the Middle East. Mr John Patrick Dwyer to managing director, he was previously the executive director, and is a director of Poon International, Poon (Middle East) EC and Poon (Saudi). Mr Wolf Vierich to regional general manager, he was previously the chief executive, corporate development for Poon (Middle East) EC and prior to that, the chief executive of Daoud Poon Jordan (one of the Group). Mr Ronald Taylor to area manager—Kuwait, he was previously the assistant general manager—Kuwait. Mr John F. Butcher to general manager—Poon (Saudi) he is a director of Poon (Middle East) EC.

● Mr E. C. Freeman-Attwood will retire as president of BRASCAN BRAZIL on February 2. Dr Roberto Paolo Cezar de Andrade will be appointed president. He is vice-president and general counsel of Brascan Brazil. Mr Freeman-Attwood will continue as a director of Brascan Brazil pending his taking up a new appointment.

● RCA Records, New York, has appointed Mr Jose Menendez as division vice-president, staff operations and finance, with responsibility for finance, business affairs, operations services and strategic planning, a newly created staff position; and Mr Ekke Schnabel becomes division vice-president, international, with responsibility for all record division activities outside the U.S. and Canada.

● Mr Michael R. Tarant has been named senior vice-president of RCA/COLUMBIA PICTURES INTERNATIONAL VIDEO. He has been released from his post as vice-president of home entertainment for Columbia Pictures International, which he assumed in 1980, to take this new assignment.

● Mr D. A. Gledhill has been elected to the board of CATHAY PACIFIC AIRWAYS, Hong Kong. Mr Gledhill who holds senior executive directorships in a number of Swire Group and associated companies, is also a director of John Swire and Sons (HK) and executive director, shipping and offshore, of Swire Pacific.

● Mr William R. Fitzgerald has been promoted to vice president—programs for the satellite communications division of HARRIS CORPORATION, Melbourne, Florida.

● Mr Heinz F. Roessle has been elected a vice president of INTERNATIONAL TELEPHONE AND TELEGRAPH CORPORATION of New York. He will continue as vice president—ITT Europe and group general manager, components—Europe and semiconductors worldwide. Mr Roessle is based in Freiburg, West Germany, and is responsible for semiconductor operations worldwide and for component companies in Austria, Belgium, France, Germany, Italy, Scandinavia, Spain, Switzerland, the Netherlands and the UK.

Mr Hans-Eberhard Wollny has been elected a vice president of ITT. He will continue as vice president—ITT Europe and group general manager—ITT brake systems worldwide. Mr Wollny also continues as managing director of Alfred Teves GmbH with headquarters in Frankfurt, West Germany.

Mr James T. Woolf has been elected as a vice president of ITT. He remains director—corporate development for ITT worldwide.

● Mr D. M. Latimer, executive director, marketing, ESSO PETROLEUM, has accepted an appointment with Exxon Corporation in New York, and has resigned from Esso. He is succeeded by Mr R. E. Linlott, formerly executive director, logistics.

● Veneer Hotels has signed a S$37m (US$18m) credit provided by the Development Bank of Singapore and the Bank of China. The loan will help finance the building of its S$75m Furama Singapore Hotel which is scheduled for completion at the end of next year. The interest rate on the five-to-seven year loan will vary from 2¼ to 2¾ per cent over the Singapore prime rate.

First merchant bank formed in Sweden

BY WILLIAM DULLFORCE, NORDIC EDITOR, IN STOCKHOLM

SWEDEN's first merchant bank was formed here yesterday by Samuel Montagu, the London merchant bank, the Carnegie Investment Company and the Skandia Insurance Company. The agreement was signed yesterday afternoon and a formal announcement will be made today.

One change from the project, first reported in December, is the inclusion of Skandia who obtains a 10 per cent shareholding and a representative on the Board. Samuel Montagu and Carnegie will hold 45 per cent each. The initial capitalisation of the venture, to be known as Carnegie-Montagu, will be SKr 33m ($6m) of which SKr 22m will be share capital.

Mr Staffan Gädd, the Swede who became Chief Executive of Samuel Montagu in 1980, will be chairman of the board which will include Mr Carl Langenskiold, Carnegie's managing director. The board is expected to announce today the appointment as managing director of Mr Krister Wallin, who was only recently appointed finance director of ASEA, the Swedish heavy electrical industrial group. He worked previously for the Swedish Investment Bank.

Carnegie is a publicly owned company with a diversified stock portfolio containing about SKr 1bn in assets. Through its stockbroking subsidiary it is one of the most prominent security houses in Sweden. Skandia, the largest privately owned Swedish insurance company, has been actively expanding its international operations in recent years.

● Norway's largest aluminium producer, the state-owned Ardal og Sundal Verk, made a loss in 1981 and expects an even heavier loss this year. Profit in 1980 reached NKr 257m against NKr 223m for 1979.

The Government is understood to be planning changes on the boards of several state-owned industrial concerns and there is speculation in Oslo that the management of ASV could soon be reshuffled.

FT INTERNATIONAL BOND SERVICE

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Anheuser-Busch 16½ 88	100	102⅜	102¾	+0½	+1¼	15.83
APS Fin. Co. 17¼ 86	60	103½	103⅞	+0¼	+1¼	16.03
Armco O/S Fin. 15⅜ 86	50	100⅛	100⅝	−0⅛	+0¼	15.23
Bank Montreal 16¼ 91	150	100	100½	0	−0⅜	16.17
Br. Colum. Hyd. 16⅛ 88	100	101⅜	101⅞	+0⅛	−0⅜	15.80
Br. Colum. Mis. 17 97	54	103¼	103⅝	0	+0⅛	16.36
Can. Nat. Rail 14⅞ 91	100	94⅜	94⅞	+0⅛	−1¼	15.77
Caterpillar Fin. 16½ 86	100	102⅜	102⅞	+0⅜	+0⅜	15.63
CFMP 16¾ 96	100	102⅛	102⅝	+0⅛	−0⅞	16.29
CIBC 16⅜ 91	100	101⅜	101¾	0	−1⅛	16.38
Citicorp O/S 16¼ 86	150	103⅛	103⅜	+0¼	+0⅛	15.63
Cities Service 17 88	150	103¾	104¼	+0⅛	+0⅛	15.92
Con. Illinois 14¾ 84	100	99⅜	99¾	+0⅛	+0⅛	14.94
Cons.-Bathurst 17½ 88	60	102⅞	103⅜	0	+0⅝	16.66
CPC Fin. 16⅜ 98	50	104⅞	105⅜	+0¼	+1⅜	15.07
Dupont O/S 14½ 88	400	97⅜	97⅞	−0⅜	−1⅛	15.05
EIB 16½ 88	100	101¾	102¼	−0⅛	−0⅛	15.93
EIB 16¾ 91	100	102¼	102¾	+0¼	−1	16.19
GMAC O/S Fin. 16½ 84	300	100⅝	101⅛	0	−0⅝	16.00
Gulf States O/S 17½ 88	60	103¼	103¾	+0⅛	−0½	16.53
Nat. Bk. Canada 16½ 88	40	100⅜	100⅞	−0½	+0⅛	16.99
Nat. West. 14¾ 91	100	96⅞	97⅜	+0⅛	−2	15.32
New Brunswick 17 88	60	104	104½	+0¼	+0⅛	15.87
Newfoundland 17⅛ 89	60	105¾	106¼	+0⅛	+0⅛	15.68
New. & Lab. Hy. 17⅛ 89	75	103	103½	+0⅜	0	16.45
Ohio Edison Fin. 17½ 88	75	103	103½	+0⅛	+1⅛	16.60
OKG 15¾ 97	50	97½	98	+0⅛	−0½	16.13
Ontario Hyd. 16 91 (N)	200	99⅝	100⅛	−0⅜	−0⅞	15.97
Quebec Hydro. 17⅛ 91	150	104⅝	105⅛	+0⅛	−0⅛	16.15
Quebec Province 15¾ 89	150	97¾	98¼	+0⅛	+0⅝	15.69
Saskatchewan 16⅛ 88	100	100⅜	100⅞	+0⅜	−0⅜	15.06
Shell Canada 15⅞ 91	100	101⅛	101⅝	0	−1⅜	15.37
Sweden 14½ 88	150	93⅜	94⅛	+0⅛	−1½	16.01
Swed. Ex. Cred. 16½ 93	75	102⅛	102⅝	+0¼	+0⅝	16.01
Tenneco Int. 17 89	100	103½	104	0	−0⅛	16.06
Texas Eastern 15⅞ 88	75	98⅞	99⅜	+0¼	−0⅛	16.08
Transcanada 17⅛ 88	75	105⅛	105⅝	+0⅛	+0⅜	16.30
Transcanada 16 89	100	99⅜	99⅞	+0⅛	+0⅞	16.06
Walt Disney 15¾ 86	100	101⅝	102⅛	+0⅛	+0⅛	15.04
Winnipeg 17 88	50	103½	104	+0⅛	−0½	16.76
WMC Fin. 15½ 88	50	96½	97	+0⅛	−0⅝	16.30
World Bank 16 86	210	100⅞	101⅜	−0⅛	−0½	15.55
World Bank 16 88	80	100¼	100¾	−0⅛	−1⅜	15.80
World Bank 16½ 86	130	102⅝	103⅛	+0⅛	−0¼	15.62
World Bank 16½ 88	100	102⅜	102¾	−0⅛	−0⅝	15.81

Average price changes... On day 0 on week −0⅛

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bank 10 91	100	99⅝	100⅛	+0⅛	+0⅛	9.92
Asian Dev. Bank 10¾ 89	100	101⅜	102⅛	0	+0⅛	10.39
Belgelectric 11 91	100	101⅞	102⅜	+0¼	+1⅛	10.66
CECA 10 91	120	102⅜	102⅞	−0⅛	+1⅛	9.57
Coun. of Europe 10 91	100	100⅝	101⅛	−0⅛	+0⅛	9.82
Coun. of Europe 10¼ 91	100	101¼	101⅞	0	+1	9.98
EEC 10⅛ 93	100	100⅝	101⅛	+0⅛	+0⅜	9.95
EIB 8½ 90	200	92⅞	93⅜	+0⅛	−0½	9.96
EIB 10½ 91	200	102⅜	103⅛	0	+0½	10.01
Finland, Rep. of 10½ 86	100	100⅞	101⅜	0	+0⅜	10.14
Inter-American 10 91	100	101⅜	101⅞	+0⅛	+0⅛	9.73
Inter-American 10⅛ 81	100	100⅞	101⅜	0	0	10.03
Japan Air Lines 8¼ 87	100	96⅜	97⅛	+0⅛	+0½	8.85
Midland Int. Fin. 8½ 90	180	93	93¾	0	−0⅛	9.64
Mr. Bk. Dnmk. 10½ 91	100	99⅞	100⅜	0	+0⅛	10.44
Nat. West. 11 91	125	104⅜	105⅛	+0⅛	+0½	10.19
New Zealand 9¾ 89	200	100⅜	101	0	−0½	9.83
OKB 10⅛ 91	150	100⅝	101⅛	−0⅛	+0⅛	9.97
Quebec Hydro 10¼ 91	150	102⅛	102⅞	0	0	9.82
Renault Acpt. 10¼ 86	150	100½	101	−0⅛	+0⅛	10.49
Swed. Ex. Cred. 10¼ 91	100	99⅜	99⅞	−0½	0	10.34
World Bank 11 91	100	104	104½	0	+0⅜	10.24
World Bank 10 91	250	100⅜	101⅛	+0⅛	+0½	9.83

Average price changes... On day 0 on week +0⅛

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Aeroport Paris 6⅛ 91	60	†94½	95	0	+0⅛	7.29
Asian Dev. Bank 8 90	80	102⅜	103	+0⅛	+1	7.54
BFCE 6½ 91	100	95½	95⅞	−0⅛	−0⅛	7.18
Belgelectric Fin. 7⅞ 91	100	102⅛	102⅝	+0⅛	+1⅛	7.40
Bell Canada 7¾ 93	100	105¾	106	0	+1⅜	6.52
Bergen, City of 6¾ 81	40	100⅜	100⅞	+0⅜	+0⅛	6.65
Bat. de Autopistas 8 90	50	100½	100¾	0	+0½	7.90
CECA 6⅞ 91	80	99½	99¾	+0⅛	+0½	6.90
Dome Petroleum 5¾ 91	100	94⅛	94⅜	0	−0⅛	6.61
Dome Petroleum 7¼ 90	100	105	105⅜	+0⅛	+2	6.45
Franc. Petroles 6½ 91	80	96	96¾	−0⅛	+0⅝	7.08
Genstar 7 91	100	102½	102⅞	0	+0½	6.61
Int. Amer. Dv. Bk. 7 81	100	100	100¼	+0⅛	+1⅛	6.97
I/S Elsam 8½ 91	60	104⅛	104⅞	0	+0⅜	7.85
Japan Air Lines 7¼ 91	100	104⅞	105⅜	+0⅛	+1⅞	6.54
Neder. Gasunie 8 81	100	106	106¼	+0⅛	+0½	7.11
OKB 7 93	100	100½	100¾	0	+1½	6.97
OKB 7⅛ 91	100	100⅜	101	+0⅛	+0½	7.12
Oslo, City of 8 91	100	105¾	106	+0⅛	+1	7.14
Saint Etienne 8½ 91	20	104¼	105	+0⅛	+0½	7.77
Swed. Ex. Credit 7⅛ 91	75	97⅛	97⅝	0	−0½	7.57
TNT O/S Fin. 8 91	50	105	105⅜	0	+1½	7.25
Unilever NV 7½ 93	100	106⅝	106⅞	+0⅛	+2⅜	6.65
World Bank 6 91	100	93¾	94	+0½	+0⅝	6.93
World Bank 7 90	100	101⅜	102	−0⅛	+2⅜	6.69
World Bank 8 91	100	†106	106¼	+1⅛	+2⅛	7.10

Average price changes... On day +0⅛ on week +1

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bk. 8⅜ 91	15	100½	101½	0	+1½	8.06
Australia 6½ 88	20	90⅞	91⅞	0	+0⅜	8.32
EIB 7⅜ 88	12	98½	99½	+0⅛	+0⅜	7.92
Finland, Rep. of 8⅛ 87	15	100	101	+0⅜	+1½	8.24
Int.-Amer. Dev. 8⅞ 91	15	102⅛	103⅛	+0⅜	+1⅜	8.44
New Zealand 8⅞ 87	15	100⅛	101⅛	+0⅜	+0⅜	8.21

Average price changes... On day +0⅛ on week +1

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Can. Utilities 17 96 C$	50	†98⅛	98⅝	0	+0½	17.27
Federal Dev. 17⅜ 86 C$	40	†104	105	0	−0⅛	16.27
GMAC (Can.) 18 87 C$	60	†105⅜	106⅜	+0⅛	+1⅛	16.17
Pancanadian 16⅛ 88 C$	65	†98	98½	−0⅛	0	16.93
Queb. Urban 16¾ 85 C$	20	†101⅛	102¼	+0⅛	+1	16.68
Roynat 17⅛ 86 C$	40	†100⅞	101½	0	0	16.42
Tordom Cpn. 13¾ 85 C$	30	†94	95	0	−0½	15.64
M. Bk. Dnmk. 9 91 EUA	25	82	83½	0	−0⅛	12.07
SOFTE 8¼ 89 EUA	40	77½	78¼	−0⅛	−0½	13.08
U. Bk. Nwy. 9½ 90 EUA	18	90⅜	92	0	0	11.15
Algemene Bk. 10¼ 86 Fl	60	99⅝	100⅛	0	+1⅛	10.27
Amfas Group 12¼ 86 Fl	40	103	103½	0	+0⅜	11.32
Amro Bank 12 86 Fl	75	102	102½	−0⅛	0	11.29
Amro Bank 12 86 Fl	60	102⅜	103⅛	+0⅛	+1⅛	11.14
Heineken NV 10 87 Fl	100	97	97½	0	+1⅛	10.85
Pierson 10¼ 86 Fl	50	98¼	98¾	+0⅛	+1⅛	10.70
Rabobank 12 86 Fl	50	102⅜	102⅞	+0⅛	+1⅜	11.17
Air France 14½ 88 FFr	200	92⅞	93⅞	+0⅛	+0½	16.71
Bk. America 14½ 86 FFr	250	93	94	0	0	16.65
Charb'nages 13⅞ 85 FFr	400	92⅜	93⅜	−0½	+0¼	16.45
EIB 14⅛ 88 FFr	300	89⅜	90⅜	−0½	+0⅛	16.98
La Redoute 14⅛ 85 FFr	125	91⅛	92⅛	−0½	+0⅛	17.46
OKB 14 86 FFr	400	92⅛	93⅛	0	+0⅜	16.58
Solvay et C. 14¾ 86 FFr	200	92⅛	93⅛	0	+0⅛	17.31
Swed. E. Cr. 14⅜ 86 FFr	250	92⅛	93⅛	0	+0⅛	17.13
U. Mex. Sts. 14 85 FFr	150	91⅛	92⅛	+0⅛	−0⅛	17.35
Acona 14 85 £	20	90⅛	91⅛	+0½	−1⅛	17.43
Beneficial 14⅛ 90 £	20	83⅝	84⅝	0	−1	17.92
BNP 13½ 91 £	15	84	85	0	−1⅛	16.97
CECA 13½ 88 £	20	88½	89½	+0½	−1½	16.25
Citicorp O/S 13½ 90 £	50	88⅛	89⅛	+0⅛	−0⅛	16.10
Fin. Ex. Cred. 13¾ 86 £	16	90	91	+0⅛	−1⅞	17.01
Gen. Elec. Co. 12½ 89 £	50	85½	86½	0	−2	15.87
Hiram Walker 14⅛ 86 £	25	93	94	+0⅛	−0⅞	16.41
Privatbanken 14½ 88 £	12	90⅞	91⅞	−0½	−1⅞	16.77
J. Rothschild 14¼ 90 £	12	92⅛	93½	+0⅛	−1⅝	15.73
Royal Trustco 14 86 £	12	92⅞	93⅞	0	−1⅛	16.27
Swed. Ex. Cr. 13⅜ 86 £	20	90⅛	91⅛	0	−0⅝	16.91
Akzo 9¾ 87 LuxFr	500	96⅛	97⅛	+2⅛	+1⅛	12.44
Eurarom 9¾ 88 LuxFr	500	85⅛	86⅛	0	+0⅝	13.35
Eurofima 10½ 87 LuxFr	500	91⅛	92⅛	0	+2⅛	12.60
EIB 9¾ 88 LuxFr	600	87	88	+0⅛	+1⅛	12.84
Volvo 9¾ 87 LuxFr	500	86⅛	87⅛	0	+0⅛	13.07

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Bank of Montreal 5¼ 90	0¼	99½	100	18/6	14⅝	14.29
Bank of Montreal 5⅛ 91	0⅛	99½	100	29/4	17.06	17.11
Bank of Tokyo 5¼ 91	0⅛	98	98½	10/6	13⅛	13.49
Bk. Nova Scotia 5¼ 93	0⅛	99⅝	100⅛	29/4	17.06	17.08
BBL Int. 5 86	0⅛	99¼	99¾	20/5	13½	13.57
BFCE 5¼ 88	0⅛	99⅞	100⅜	26/4	16.94	16.94
Christiania Bk. 5½ 91	‡0⅛	98⅜	98⅞	5/2	15.58	16.74
Co-Ban Eurofin 5½ 91	0¼	98⅝	99⅛	14/4	16.69	16.88
Den Norske Cred. 5½ 93	0¼	97½	98	4/5	16.56	16.87
Genfinance 5¼ 87	0¼	100⅛	100⅝	30/4	17.06	17.00
Genfinance 5⅛ 92	0¼	99⅝	100⅛	30/6	15½	16.52
Gire und Bank 5¼ 91	‡0⅛	99	99½	23/3	14.06	14.17
GZB 5¼ 92	‡0⅛	98⅝	99⅛	5/3	13⅛	13.27
Ind. Bank Japan 5¼ 88	0¼	98¼	98¾	8/5	13.31	13.52
Lloyds Eurofin 5⅛ 93	§0⅛	99⅝	100⅛	29/4	17.13	17.13
LTCB Japan 5¼ 89	0⅛	99⅛	99⅝	16/1	18.32	18.39
Midland Int. Fin. 5 91	0⅛	99⅝	100⅛	30/4	17.05	17.06
Nacional Fin. 5½ 88	0¼	97⅝	98⅛	25/3	17.31	17.67
Nat. Bk. Canada 5¼ 88	0⅛	99½	100	24/3	17.31	17.36
Nat. West. Fin. 5¼ 91	§0⅛	98⅞	99⅜	15/1	18⅛	18.28
Nat. West. Fin. 5¼ 92	§0⅛	99⅝	100⅛	23/4	17	17.02
Nordic Int. Fin. 5½ 91	0¼	98⅞	99⅜	3/5	15⅝	16.76
Offshore Mining 5¼ 91	0¼	98	98½	2/6	13	13.28
Pemex 6 91	0⅜	98	98½	8/4	17	17.30
Pemex 5¼ 88	0⅛	†98⅛	98⅝	14/2	18.81	19.12
Sanwa Int. Fin. 5¼ 88	0¼	†99½	100	24/3	17⅛	17.29
Sec. Pacific 5¼ 91	0¼	98⅜	98⅞	24/6	13⅛	13.43
Societe Generale 5¼ 91	0½	98⅞	99⅜	22/1	18⅝	18.79
Sparebanken 5 87	0¼	98⅛	98⅝	21/6	14.44	14.58
Standard Chart. 5¼ 91	0¼	98	98½	18/5	13.31	13.56
Sumitomo Fin 5½ 88	0⅛	99⅝	100⅛	6/2	18.38	18.56

Average price changes... On day 0 on week 0

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Ajinomoto 5¼ 96	7/81	933	99½	100	−0⅛	−0.61
Bow Valley Inv. 8 95	4/81	23.12	†100½	102½	−0⅛	25.37
Canon 6¾ 95	1/81	829	110	112	−1⅛	5.97
Daiwa Secs. 5½ 96	12/81	513.3	†81	83	−1	−2.79
Fujitsu Fanuc 4¼ 96	10/81	6770	108	109½	0	6.12
Furukawa Elec. 5¼ 96	7/81	300	125½	127	−2½	−1.96
Hanson O/S Fin. 9½ 96	8/81	2.74	†87	88	0	−3.78
Hitachi Cred. Cpn. 5 96	7/81	1773	93¼	95½	+0⅝	6.72
Inchcape 8 95	2/81	4.56	†80½	82	+0½	−26.18
Kawasaki 5¾ 96	9/81	229	80½	82	−0⅛	3.07
Marui 6 96	7/81	931	103½	105	−0½	2.42
Matsushita El. 7½ 95	11/80	590	95	96½	−2	−1.32
Minolta Camera 5 96	10/81	909	73	74½	−1	8.36
Murata 5¼ 96	7/81	2190	78½	80	+0½	18.52
NKK 6½ 96	7/81	188	94½	96	−0⅞	−2.06
Nippon Chemi-C. 5 91	10/81	919	76½	78⅛	−0	2.00
Ricoh 6½ 95	8/80	604	107	109	−1⅛	2.29
Sanyo Electric 5 96	10/81	652	78	79⅛	−1⅛	7.57
Sumitomo Met. 5¼ 96	10/81	305	81⅞	83⅜	−0⅛	1.23
Swiss Bk. Cpn. 6¼ 90	8/80	191	†75	77	−2	10.10
Taylor Woodrow 8¾ 90	1/81	4.94	†79½	80½	+1½	−2.88
Transco Int. 8¾ 95	8/81	68	†83½	85	−1	28.02
Tricorp 8½ 95	2/81	31.25	†71	72½	−2⅛	50.74
Union Bk. Switz. 5 89	2/80	70.79	†86	88	0	6.74
Mitsubishi H. 6 89 DM	2/82	263	95⅞	96⅞	−0⅛	1.03
Sharp Cpn. 6½ 88 DM	9/80	591.8	102⅛	103⅛	−2⅛	−3.75

EUROBOND TURNOVER
(nominal value in $m)

	Cedel	Euro-clear
U.S. $ bonds		
Last week	2,839.3	2,913.7
Previous week	2,249.6	3,778.6
Other bonds		
Last week	671.8	294.4
Previous week	651.8	383.5

* No information available—previous day's price.

† Only one market maker supplied a price.

STRAIGHT BONDS: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week = Change over price a week earlier.

FLOATING RATE NOTES: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte = Date next coupon becomes effective. Spread = Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn = The current coupon. C.yld = The current yield.

CONVERTIBLE BONDS: Denominated in dollars unless otherwise indicated. Chg. day = Change on day. Cnv. date = First date for conversion into shares. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

The list shows the 200 latest international bonds for which an adequate secondary market exists. The prices over the past week were supplied by: Kredietbank NV; Credit Commercial de France; Credit Lyonnais; Commerzbank AG; Deutsche Bank AG; Westdeutsche Landesbank Girozentrale; Banque Generale du Luxembourg SA; Banque Internationale Luxembourg; Kredietbank Luxembourg; Algemene Bank Nederland NV; Pierson, Heldring and Pierson; Credit Suisse/Swiss Credit Bank; Union Bank of Switzerland; Akroyd and Smithers; Bankers Trust International; Credit Commercial de France (Securities) London; Citicorp International Bank; Daiwa Europe NV; Deltec Securities (UK); EBC; First Chicago; Goldman Sachs International Corporation; Hambros Bank; IBJ International; Kidder Peabody International; Manufacturers Hanover; Merrill Lynch; Morgan Stanley International; Nikko Securities Company (Europe); Orion Royal Bank; Salomon Brothers International; Samuel Montagu and Co.; Scandinavian Bank; Societe Generale; Strauss Turnbull; Sumitomo Finance International; S. G. Warburg and Co.; Wood Gundy.

Closing prices on January

WEEK'S FINANCIAL DIARY

The following is a record of the principal business and financial engagements during the week. The board meetings are mainly for the purpose of considering dividends. [illegible] official indications are not always available [illegible] dividends concerned are interims or finals. The sub-divisions shown below are based mainly on last year's timetable.

TODAY

COMPANY MEETINGS—
Murray Clydesdale Inv. [illegible] Hope Street, Glasgow, 11.00

BOARD MEETINGS—
Finals:
Barr (A. G.)
Braid Grp.
Claverhouse Inv. Tst.
Interims:
Courts (Furnishers)
Ellis and Everard
[illegible]agnet and Southern
Samuel (H.)
[illegible]eway Watson

DIVIDEND & INTEREST PAYMENTS—
Braithwaite (Eng.) [illegible]
Buckley's Brewery 0.7[illegible]
Canal-Randolph [illegible]
Churchbury Est. [illegible]
Courtaulds 1p
FFI Lns. 5¼ [illegible]
Hapoalim Int. [illegible] Rate Notes 1986 $974.31
Hawley Grp. 1.5p
Malaysian Tin 1p
Manganese Bronze 2.17[illegible]
Mitchell Cotts Grp. [illegible]
Moorgate Inv. Tst. 2.5p
Moss Eng. Grp. [illegible]
Oil and Assoc. Inv. Tst. 1.05p
Property Partnerships [illegible]
Rush and Tompkins [illegible]
Scottcros 2.1315p
Scottish Metropolitan Prop. 2p
Zentralsparkasse Und Kommerzialbank Vienna Fltg. Rate Sub. Notes 1991 $466.61

TOMORROW

COMPANY MEETINGS—
Carr (John) (Doncaster), Watch House Lane, Doncaster, 11.00
Concentric, The Belfry Hotel, Lichfield Road, Wishaw, Sutton Coalfield, 3.00
Riley (E. J.), The Connaught Rooms, Great Queen Street, WC, 12.30

BOARD MEETINGS—
Finals:
Amalgamated Tin Mines of Nigeria
Bett Bros.
Investors Capital Tst.
Kenning Motor
Lincroft Kilgour
Oakwood
SGB
Interims:
Boardman (K.O.) Int.
Caledonian Assoc. Cinemas
Hogg Robinson
Hollas
Ratners (Jewellers)
Stead and Simpson

DIVIDEND & INTEREST PAYMENTS—
Baird (William) 5.5p
Carr (John) (Doncaster) 1.45p
Concentric 2.71p
Early's of Witney 5pc Pf. [illegible]
[illegible]
Guinness Mahon [illegible]
Hinton (Amos) 2.4p
Northern Goldsmiths 0.85p
Tameside Variable Rate Red. Stk. 1983 £7.2500

WEDNESDAY, JANUARY 13

COMPANY MEETINGS—
Beaumont Props., Winchester House, 100, Old Broad Street, EC, 12.00
General Stockholders Inv. Tst., Winchester House, 77, London Wall, EC, 12.45
Spring Grove Services, [illegible] Court Club, Hanley, [illegible]

BOARD MEETINGS—
Finals:
M and G Dual Tst.
Stakis (Reo)
Interims:
Allied Colloids
Copais
Danae Inv. Tst.
Gresham Inv. Tst.
Racal Electronics

DIVIDEND & INTEREST PAYMENTS—
Agricultural Mortgage Variable Rate 7/1/93 £7.3750
Citicorp Overseas Finance NV Gtd. Fltg. Rate Notes 1982 $430.07
Mid-Southern Water [illegible]
Murray Clydesdale Inv. Tst. 1.2325p
Sakers Finance [illegible]

THURSDAY, JANUARY 14

COMPANY MEETINGS—
British Sugar, The Hyde Park Hotel, 66 Knightsbridge, SW, 12.00
Castlefield (Klang) Rubber Est., 1-4 Gt. Tower Street, EC, 11.00
Hawkins and Tipson, [illegible]
Killinghall (Tin) [illegible], 1-4 Great Tower Street, EC, 12.00
Royal Bank of Scotland, North British Hotel, Edinburgh, 12.00

BOARD MEETINGS—
Finals:
Assoc. Newspapers
Berisford (S. and W.)
Daily Mail and General Tst.
Dewhurst and Partner
French (Thomas)
M and G [illegible]
Muirhead
Interims:
Dixons Photographic
Greene, King
Jones Stroud
Symonds Eng.
Thorn EMI

DIVIDEND & INTEREST PAYMENTS—
Breedon 0.4p
Brown Shipley Hldgs Stlg Bond Fund [illegible]
Funding 3½pc 1999-2004 1¾pc
Gen Stockholders Inv Tst 2.8p
Kwik Save Discount Grp 3.4p
Leigh Interests 1.63p
London and Liverpool Tst 0.75p
Pearce (C. H.) [illegible]
Royal Bk Scotland FltgRateCapNts 1986-1994 [illegible]
Sogomana Grp 3p
Spring Grove Services 2.5p
Treasury 12½pc 1993 6¼pc. 13pc 2000 6½pc
Vereeniging Refractories 28cts

FRIDAY JANUARY 15

COMPANY MEETINGS—
Bellway, Royal Station Hotel, Neville Street, Newcastle-upon-Tyne, 11.30
Carrs Milling Inds., Crest Hotel, Carlisle, 11.30
Silverthorne Grp., 1, Imperial Square, Cheltenham, Gloucestershire, 12.00

BOARD MEETINGS—
Finals:
Raeburn Inv. Tst.
Interims:
Baybeck
Standard
Wigfall (Henry)

DIVIDEND & INTEREST PAYMENTS—
AMAX Inc Sub Dbs 4pc
Agri Mortgage 5½pcDb 1980-85 2¾pc. Do 5½pcDb 1993-95 2¾pc. Do 6½pcDb 1992-94 3¼pc
Anglo-American Coal 46cts
Anglo American Secs Ln 2pc
Ascot Elec Inds Db 2½pc
Barlow Rand 40cts
Bell Canada 49cts (C$)
Bergen Bk A-S FltgRateNts 1991 $41.05
British Sugar Specialities 2p
Broadstone Inv Tst SecPf 1.75pc. Do 5½pcPf 1.925pc
Brownlee 0.7p
Camden 12½pcRd 1988 6¼pc
Carless Capel and Leonard 1p
Castings 0.42p
[illegible]
Churchbury Est 4.2pcPf 2.1pc
City Offices 4½pcPf 1.575pc
Cons London 9½pc 1980-82 3¼pc
Coalt Ln 5pc
Eagle Star Hldgs 7p
Eastern Produce 1.4p
Edinburgh Inv Tst Dbs 1¼, 2¼pc
Fine Art Devs 1.1p
Fitzwilton 3.5p (Ir)
Foster (John) 0.6p
French Kier Hldgs 1.1p
Funding 5½pc 1982-84 2¾pc
Gen Funds Inv Tst 5pcPf 1.75pc. Dbs 2¼, 3pc
Gen Mining Union Con Pf 3pc
Grampian Television A 1p
Greece 5pcStrLn 1907 (Assd) 2½pc
Howard and Wyndham Ln 5pc
Ind and Gen Tst Db 2¼pc
Intl Thomson Orgn 10.8512cts
Killinghall (Rubber) Dev Syndicate 10p
Law Land 5pcPf 1.75pc
Laws Foundries and Eng. 6pcPf 2.1pc
London and St Lawrence Inv Db 2½pc
London Brick Ln 7pc
London County 5½pc 1982-84 2¾pc
Lucas Inds Ln 5¼pc
M and G Dividend Fund Inc 5.2p
MK Elec Grp 6p
Marks and Spencer 1.79p
Met Water Brd Staines Res Jt Comm 3pc Gtd 1½pc
Morgan (J. P.) 85cts. Do 10Rs 95cts
Morland 3p
Moss Eng 3.85p
Motorola 40cts
Murray Western Inv. Tst. 4½pc Pf. 1.575pc
Do. Do. 5pc
Nat. West. Finance BV Gtd. Fltg. Rate Cap. Notes 1991 $463.19
Nat. Throgmorton [illegible]
North Surrey Water [illegible] Red. Pf. 1980-81 [illegible]
Northern Inv. Improvement Tst. 5p
Occidental Petroleum 62.5cts
Parkland Textile 1.5p
Pauls and Whites 2.25p
Pitcon 5pc Pf. 4.537pc
Quaker Oats 40cts
Quebec Central Railway 2½pc
Rowlinson Construction [illegible]
Sandwell 13pc Red. 1995 7½pc
[illegible]
Schlumberger 25cts
[illegible]
[illegible]
Thorsac Grp. 0.81p
Treasury 9½pc 80-82 4¾pc
Do. 9½pc 1999 4¾pc
Do. 11½pc 1985 [illegible]
Do. 13pc 1990 7½pc
Union Steel Corp. (of South Africa) Defd. 12cts
Do. Pref. 9 40cts
Utd. Gas Inds. 1.4p
Utd. Ocean Hldgs. Ptg. Pf. 5cts
Utd. States and Gen. Tst. Corp. 5pc Pf. 1.75pc
W. Ribbons Hldgs. 10pc Pf. 4.3pc
Walter (Jim) Inc. Finance NV Gtd. Fltg. Rate Notes 1986 $488.58
Witan Inv. 3.4pc Pf. 1.7pc
Yarrow 5.95p

SATURDAY JANUARY 16

DIVIDEND & INTEREST PAYMENTS—
Anglo American Secs. Corp. 4½pc Pf. 1.575pc

BASE LENDING RATES

A.B.N. Bank	14½%	Grindlays Bank	‡14½%
Allied Irish Bank	14½%	■ Guinness Mahon	14½%
American Express Bk.	14½%	■ Hambros Bank	14½%
Amro Bank	14½%	Heritable & Gen. Trust	14½%
Henry Ansbacher	14½%	■ Hill Samuel	§14½%
Arbuthnot Latham	14½%	C. Hoare & Co.	†14½%
Associates Cap. Corp.	15 %	Hongkong & Shanghai	14½%
Banco de Bilbao	14½%	Knowsley & Co. Ltd.	15 %
BCCI	14½%	Lloyds Bank	14½%
Bank Hapoalim BM	14½%	Mallinhall Limited	14½%
Bank Leumi (UK) Ltd	14½%	Edward Manson & Co.	15½%
Bank of Cyprus	14½%	Midland Bank	14½%
Bank Street Sec. Ltd.	16 %	■ Samuel Montagu	14½%
Bank of N.S.W.	14½%	■ Morgan Grenfell	14½%
Banque Belge Ltd.	14½%	National Westminster	14½%
Banque du Rhone et de la Tamise S.A.	15 %	Norwich General Trust	14½%
Barclays Bank	14½%	P. S. Refson & Co.	14½%
Beneficial Trust Ltd.	15½%	Roxburghe Guarantee	15 %
Bremar Holdings Ltd.	15½%	E. S. Schwab	14½%
Bristol & West Invest.	16 %	Slavenburg's Bank	14½%
Brit. Bank of Mid. East	14½%	Standard Chartered	‖14½%
■ Brown Shipley	15 %	Trade Dev. Bank	14½%
Canada Perm't Trust	15 %	Trustee Savings Bank	14½%
Cavendish G'ty T'st Ltd.	15½%	TCB Ltd.	14½%
Cayzer Ltd.	15 %	United Bank of Kuwait	14½%
Cedar Holdings	15 %	Whiteaway Laidlaw	15 %
■ Charterhouse Japhet	15 %	Williams & Glyn's	14½%
Choulartons	15 %	Wintrust Secs. Ltd.	14½%
Citibank Savings	¶15 %	Yorkshire Bank	14½%
Clydesdale Bank	14½%		
C. E. Coates	15 %		
Consolidated Credits	14½%		
Co-operative Bank	*14½%		
Corinthian Secs.	14½%		
The Cyprus Popular Bk.	14½%		
Duncan Lawrie	14½%		
Eagil Trust	14½%		
E.T. Trust	14½%		
First Nat. Fin. Corp.	17 %		
First Nat. Secs. Ltd.	17 %		
Robert Fraser	15 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 12.50%. 1-month 12.75%. Short term £8,000/12 month 15.10%.
† 7-day deposits on sums of £10,000 and under 12½%, up to £50,000 13%, and over £50,000 13½%.
‡ Call deposits £1,000 and over 12½%.
§ Demand deposits 12½%.
‖ 21-day deposits over £1,000 13½%.
¶ Mortgage base rate.

CONTRACTS AND TENDERS

London Borough of Newham
Department of Planning and Architecture — Selective Tendering

The London Borough of Newham Department of Planning & Architecture is reviewing its lists of firms from which selections of *restricted* numbers of invitations to tender for work and supply of materials and goods will be made from 1st August 1982 onwards.

Index of Categories of Work for Selective Tendering

1 BUILDING WORKS
(a) For Contracts up to and in excess of £1,000,000
(b) For Contracts not exceeding £1,000,000
(c) For Contracts not exceeding £500,000
(d) For Contracts not exceeding £100,000
(e) For Contracts not exceeding £20,000
2 SYSTEM BUILDING
3 SOIL SURVEYS
4 DRIVEN AND BORED PILES
5 DESIGN, SUPPLY & ERECTION OF REINFORCED CONCRETE
6 DESIGN, SUPPLY & ERECTION OF REINFORCEMENT
7 STRUCTURAL STEELWORK
8 REINFORCED CONCRETE FLOORS & ROOFS
9 BRICKS-SUPPLIERS
10 ROOFING (a) Sub-Contractors (b) Suppliers
11 TIMBER ROOFS, FRAMES & TRUSSES
12 FLOORING (a) Sub-Contractors (b) Suppliers
13 WINDOWS (a) Sub-Contractors (b) Suppliers
14 DOORS-SUPPLIERS
(a) Standard (b) Sliding, Folding or "Up & Over"
15 ELECTRICAL SERVICES (a) Sub-Contractors (b) Electrical Heating Sub-Contractors (c) Suppliers
16 TV AERIAL INSTALLATION
17 LOUDSPEAKER CONTROLLED DOOR ENTRY SYSTEM
18 LIGHTNING CONDUCTOR INSTALLATION
19 INTRUDER ALARMS
20 MECHANICAL SERVICES
(a) Sub-Contractors (b) Suppliers
[illegible] Sub-Contractors (b) Suppliers
22 SANITARY FITTINGS
23 IRONMONGERY & CLOAKROOM FITTINGS
24 REFUSE CHUTES & FLUES
25 LIFTS
26 KITCHEN FITMENTS-SUPPLIERS
(a) Domestic-Supply only
(b) Commercial—(i) Supply only (ii) Supply and fix
27 FENCING & GATES (a) Sub-Contractors (b) Suppliers
28 WC SCREENS & SIMILAR CUBICLES/METAL OR MELAMINE FACED PLY PRODUCTS
29 PARTITIONS
30 SIGNS & LETTERING
31 INSULATION WORKS
32 SUSPENDED & ACOUSTIC CEILINGS
33 BLINDS
34 PAINT-SUPPLIERS
35 LANDSCAPE & HORTICULTURAL WORKS
36 ALL-WEATHER PITCHES

Application forms, on which applications to be included on the lists must be made, may be obtained from the Director of Planning & Architecture, Town Hall Annexe, Barking Road, East Ham, London E6 2RP. The form must be returned by Monday, 15th February 1982 if the application is to be considered for the initial lists. Firms may however, apply for consideration at any time thereafter but no firm which is not on the approved list at the time Tenders for a Contract are issued will be eligible on that occasion.

PORTUGAL
OIL EXPLORATION ENGINEERING

1. DRILLING MUD AND SERVICES

2. MUD LOGGING SERVICE

Petróleos de Portugal, E.P. (PETROGAL), the state oil company of Portugal, is concessionaire of six on-shore petroleum exploration areas in Portugal and has received a loan from the World Bank to meet part of the cost of its exploration program, which includes three exploration wells.

PETROGAL is now inviting proposals from tenderers for furnishing:

1. Drilling mud, chemical special products and engineering services according to mud programme included in tender documents for this purpose;

2. Hydrocarbon well logging services, providing a land unit with a two-man crew performing the functions according to the tender documents.

The drilling activity is planned to begin on August 1, 1982. Documents for both tenders are now available from PETROGAL and contractors or suppliers interested to obtaining them should write to the address below until

1. March 5, 1982
2. March 12, 1982

which are the closing dates for the receipt of tenders. Bids shall be opened in the presence of tenderers or their representatives at 10.00 am on the following dates:

1. March 8, 1982
2. March 15, 1982

at the following address:

PETRÓLEOS DE PORTUGAL, E.P.
Direcção de Pesquisa e Produção
Av. Fontes Pereira de Melo, 6-7th Dt.
100 Lisboa — Portugal
Telephone: 57 85 47 - 57 84 47
Telex: 12684 DPGALP P

POPULAR REPUBLIC OF CONGO

MINISTRY OF PUBLIC WORKS AND CONSTRUCTION
NATIONAL OFFICE OF TRANSPORTATION
AND PUBLIC WORKS

CONSTRUCTION OF LOUDIMA — BIHOUA — INDO ROAD

NOTICE OF PRESELECTION

The Ministry of Public Works and Construction of the Popular Republic of Congo is planning to undertake the construction of the LOUDIMA-BIHOUA-INDO Road (77 km). The project is eligible for financing by the European Development Fund (E.D.F.). The project will consist of building a 2nd category road (11 m roadway, 7 m asphalt pavement) over a distance of about 77 km. The road consists of two sections:

Section I: LOUDIMA - BIHOUA: 57 km to be built entirely.
Section II: BIHOUA - INDO: 20 km of existing road to be rehabilitated.

The timing shall not exceed 24 months.

Participation in the preselection is open on equal terms to all individuals or legal entities and to associations of said entities, from member states of the European Community and the States of Africa, the Caribbean and the Pacific (A.C.P. States), which are signatories of the Lomé Agreement.

Interested enterprises may obtain the notice of preselection of contractors at the following addresses:

1. REGIE NATIONALE DES TRANSPORTS ET DES TRAVAUX PUBLICS
Boîte Postale no. 2073
Brazzaville (République Populaire du Congo) - Tel: 81.35.58.

2. B.C.E.O.M. (M. THILLOUX)
15, square Max Hymans
75741 - Paris-Cedex 15 (France) - Tel: (1) 320.14.10.

3. COMMISSION COMMUNAUTES EUROPEENNES
Direction Générale du Développement
Direction des Projets
Rue de la Loi, 200
1049 - Bruxelles (Belgique).

The preselection application shall reach the Director General of the REGIE NATIONALE DES TRANSPORTS ET DES TRAVAUX PUBLICS at BRAZZAVILLE at the latest on 26th February, 1982, at noon, local time.

BOTSWANA POWER CORPORATION
Morupule Thermal Power Station

Botswana Power Corporation intends to construct a Coal Fired Thermal Power Station adjacent to the Morupule Coal Mine near Palapye. The power station will house 3 x 30 MW turbine-generator sets which will be dry-cooled. Water for the project will be obtained from a well-field sited on the sandstones of the Escarpment north-west of Serowe. The well-field is approximately 50 km from the proposed power station site and water will be piped to the site through a gravity main. Prior to commencement of the main Civil Engineering Contract a preliminary contract will be let to provide the following facilities:—

Contract BPC 1005 — Civil Engineering Works — Preliminary Contract. The clearing and terracing of approximately 200 ha for the power station site, construction of the 2 km site access road and the site roads, a rail spur, and a raw water reservoir. Additionally there will be the development of a small operators' village 6 km from the power station site consisting of approximately 20 units with associated roads and services.

Tender documents will be available for issue on 1st February 1982 and must be returned by noon on 31st March 1982. The successful tenderer will be expected to commence work by 31st May 1982. Contractors who wish to tender for this project should advise the Engineer Watermeyer, Legge, Piesold & Uhlmann, Kanthack House, Station Road, Ashford, Kent TN23 1PP, England. (Telex 965436) of their intention by letter or telex by 26th January 1982. They should also state the location from which they wish to draw documents.

Documents may be collected from either the offices of Botswana Power Corporation, Badiredi House, The Mall, Gaborone, or the offices of the Engineer at 25, Buckingham Palace Road, London SW1W 0PP. Alternatively documents can be air freighted directly to the contractor at his expense and risk. When collecting the documents the contractor will be required to make a deposit of Pula 200 (in London £120) for the set of documents. This must be in the form of a cheque payable to the Botswana Power Corporation. The deposit will be returned to the Contractor on receipt of his tender. A set of documents will consist of 2 bound copies of each of Vol. 1 Conditions of Contract and Specification, Vol. 2 Bill of Quantities, Form of Agreement, etc., and Vol. 3 Drawings, plus a loose-leaf copy of Vol. 2. Additional copies of any volume will be available at a cost of Pula 50 (or £30) per volume but this fee will not be refundable.

BOLTON METROPOLITAN BOROUGH
SITE FOR SUPERMARKET
WESTHOUGHTON TOWN CENTRE

Minimum Development — 30,000 square feet
Maximum Development — 50,000 square feet
Site Area — 6.78 acres approx.

Westhoughton is a rapidly developing town in the North West whose potential has been regarded as second only in importance to a designated new town. The intention of Bolton Council is to secure the provision of a much needed supermarket development.

A lease of 125 years subject to a ground rent with 5-yearly reviews is being offered.

TENDERS OF PREMIUM AND GROUND RENT WILL BE INVITED.

Brief but sufficient details for developers to assess their interest will be sent on request followed by full details and tender documents to those intending to tender.

It is envisaged that development on site will commence in November, 1982.

The initial details can be obtained from the Chief Estates Surveyor, Arndale Chambers, Exchange Street, Bolton BL1 1RS, or by ringing Bolton (0204) 22311 Ext. 459.

THIS DISPOSAL IS DIRECTED AT ESTABLISHED SUPERMARKET OPERATORS

COMPANY NOTICES

GADEK (Malaysia) BERHAD
(Incorporated in Malaysia)

Notice of Extraordinary General Meeting

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting of the Members of the Company will be held at Suite 1804/5, 18th Floor, Campbell Complex, Jalan Campbell, Kuala Lumpur, Malaysia, on Saturday, 30th January, 1982, at 10.30 am, for the purpose of considering and, if thought fit, to pass the following Resolutions as Ordinary Resolutions:

RESOLUTION NO. 1

That the authorised Share Capital of the Company be increased from M$ 3,500,000 divided into 3,500,000 Shares of M$ 1 each to M$ 100,000,000 divided into 100,000,000 Shares of M$ 1 each.

RESOLUTION NO. 2

That subject to the passing of Resolution No. 1 a sum of M$ 5,737,058 (being part of the amount standing to the credit of capital reserve) be capitalised and that the Directors be and are hereby authorised to apply such sum in paying up in full, at par, 5,737,058 shares of M$ 1 each and to appropriate and distribute such shares allotted and credited as fully paid up to and amongst the Shareholders registered on 22nd February, 1982, in the proportion of two (2) new shares for each issued share held and that such shares will rank pari passu in all respects with the existing shares of the Company except that they shall not rank for dividend in respect of the financial year ended 31st December, 1981.

By Order of the Board
OH KIM SUN
MAK HING KWAI
Secretaries

Ladang Pinji
Lahat, Perak
Malaysia
Dated this 11th day of January, 1982

NOTES

(1) A Member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to vote in his stead. A proxy need not be a member of the Company but unless he is, then by the provisions of Section 149 (1) (B) of the Companies Act 1965, he must be a qualified legal practitioner, an approved company auditor or a person approved by the Registrar of Companies.

(2) The instrument appointing a proxy must be deposited at the registered office of the Company not less than 48 hours before the time set for the meeting.

EUROPEAN COAL AND STEEL COMMUNITY — ECSC
5¼% 1966/1986 LOAN OF UA 20,000,000

Bonds for the amount of UA 1,000,000 have been drawn for redemption at the head office of *Kredietbank S.A. Luxembourgeoise*, in the presence of a Notary Public on December 10, 1981.

The numbers of the drawn Bonds are as follows:

Bonds of UA 250 (1040)

16760 to 17031 incl.	17033 to 17049 incl.	17052 to 17058 incl.
17074 to 17086 incl.	17088 to 17125 incl.	17129 to 17136 incl.
17145 to 17179 incl.	17182 to 17185 incl.	17192 to 17226 incl.
17229 to 17238 incl.	17240 to 17284 incl.	17305 to 17320 incl.
17326 to 17340 incl.	17421 to 17448 incl.	18211 to 18305 incl.
18339 to 18411 incl.	18501 to 18558 incl.	25465 to 25476 incl.
25487 to 25502 incl.	25627 to 257[illegible]0 incl.	25777 to 25779 incl.
25785 to 25879 incl.		

Bonds of UA 1000 (740)

6075 to 6089 incl.	6375	6376
6385 to 6938 incl.	6943 to 6945 incl.	6949 and 6950
6973 to 6986 incl.	6989 to 6999 incl.	7005 to 7007 incl.
7012 to 7019 incl.	7021	7028 to 7031 incl.
7042 to 7048 incl.	7087 to 7117 incl.	7121 to 7128 incl.
7139	7133	7135
7139 to 7151 incl.	7157 and 7158	7160 to 7182 incl.
7187 to 7191 incl.	7198 to 7200 incl.	7203 to 7205 incl.
7210 and 7211	7215 to 7222 incl.	7235 to 7247 incl.

Amount purchased on the market: UA 300,000.
Outstanding drawn Bonds:

Bonds of UA 250

3459 to 3463 incl.	3787 to 3794 incl.	27001 to 27708 incl.
29062 to 29067 incl.	29324 to 29331 incl.	29636
29673	29776 to 29779 incl.	29838 to 29840 incl.
29847	29946	30051 and 30052
30073 to 30076 incl.	30120	30142 to 30148 incl.
30157	30180 to 30182 incl.	30189 to 30196 incl.
31550	31566	31573
31624	31685 and 31686	31709 to 31712 incl.
31721 to 31723 incl.	31757 and 31758	31778 to 31783 incl.
31799	31808 to 31815 incl.	31832 to 31836 incl.
31859	31895 to 31911 incl.	31915
31918 and 31919	31986 to 31998 incl.	

Bonds of UA 1000

93 to 97 incl.	121 and 122	156 and 157
178	179	219
353 and 354	417 and 418	449 and 450
453	501 and 502	505 and 506
564 and 565	639	660
688 and 688	693	710
725	759 to 762 incl.	781 to 784 incl.
830	931	935
978	980	985
991 and 993	998	2088 to 2092 incl.
2433 to 2435 incl.	2488 and 2499	2526 and 2527
2530	2930	2932 and 2933
2853	2979	3226 and 3227
3233	3361 and 3362	3381
3389 to 3391 incl.	3448 and 3449	3852
3895	11963	

The Bonds drawn on December 10, 1981 will cease to bear interest on February 1, 1982.

The Bonds will be reimbursed coupon due on February 1, 1983 and the following coupons attached, in accordance with the terms and conditions mentioned on the Bonds.

Amount unamortized after the redemption of February 1, 1982: UA 5,700,000.

Luxembourg, December 29, 1981.

NOTICE TO HOLDERS OF EUROPEAN DEPOSITARY RECEIPTS (EDRs) IN NOMURA SECURITIES CO., LTD.

Further to our Notice of September 25, 1981, EDR holders are informed that Nomura Securities Co., Ltd. has paid a dividend to holders of record September 30, 1981. The cash dividend payable is Yen 7.00 per Common Stock of Yen 50.00 per share. Pursuant to Clause 6 of the Deposit Agreement the Depositary has converted the net amount, after deduction of Japanese withholding taxes, into United States Dollars.

EDR holders may now present Coupon No. 1 for payment to the undermentioned agents.

Payment of the dividend with a 15% withholding tax is subject to receipt by the Depositary or the Agent of a valid affidavit of residence in a country having a *tax treaty or agreement with Japan giving the benefit of the reduced* withholding rate. Countries currently having such arrangements are as follows:

A.R. of Egypt	F.R. of Germany	The Netherlands	Spain
Australia	Finland	New Zealand	Sweden
Belgium	France	Norway	Switzerland
Brazil	*Hungary*	Rep. of Korea	*United Kingdom*
Canada	Ireland	Romania	U.S. of America
Czechoslovakia	Italy	Singapore	Zambia
Denmark	Malaysia		

Failing receipt of a valid affidavit Japanese withholding tax will be deducted at the rate of 20% on the gross dividend payable. *The full rate of 20%* will also be applied to any dividends unclaimed after April 30, 1982.

Amounts payable in respect of current dividends.

Coupon No. 1 EDR denomination	Gross Dividend	Dividend payable less 15% Japanese withholding tax	Dividend payable less 20% Japanese withholding tax
1,000 shares	US$31.67	US$26.92	US$25.34

Further to the notice of October 7, 1981 concerning the free distribution of shares (3 new for each 10 old), EDR holders are informed that the new shares are now available for delivery and should be claimed by presenting Coupon No. 2 to the Depositary or the Agent. EDRs will only be issued in Authorised Denominations of 1,000 shares therefore any EDR holder not able to present coupons making-up an Authorised Denomination will receive the net proceeds of the sale of their entitlement in United States Dollars *pursuant to Condition 5 of the Terms and Conditions*

Depositary:
Citibank, N.A.
336 Strand, London, WC2R 1HB

Agent:
Citibank (Luxembourg) S.A.
16 Avenue Marie Therese

January 11, 1982.

NOTICE TO HOLDERS OF EUROPEAN DEPOSITARY RECEIPTS (EDRs) IN *TSUBAKIMOTO PRECISION PRODUCTS CO., LTD.*

Further to our Notice of September 18, 1981, EDR holders are informed that Tsubakimoto Precision Products Co., Ltd. has paid a dividend to holders of record September 30, 1981. The cash dividend payable is Yen 5.75 per *Common Stock of Yen 50.00 per share. Pursuant to Clause 6 of the Deposit* Agreement the Depositary has converted the net amount, after deduction of Japanese withholding taxes, into United States Dollars.

EDR holders may now present Coupon No. 2 for payment to the undermentioned agents.

Payment of the dividend with a 15% withholding tax is subject to receipt by the Depositary or the Agent of a valid affidavit of residence in a country having a tax treaty or agreement with Japan giving the benefit of the reduced withholding rate. Countries currently having such arrangements are as follows:

A.R. of Egypt	F.R. of Germany	The Netherlands	Spain
Australia	Finland	New Zealand	Sweden
Belgium	France	Norway	Switzerland
Brazil	Hungary	Rep. of Korea	United Kingdom
Canada	Ireland	Romania	U.S. of America
Czechoslovakia	Italy	Singapore	Zambia
Denmark	*Malaysia*		

Failing receipt of a valid affidavit Japanese withholding tax will be deducted at the rate of 20%, on the gross dividend payable. The full rate of 20% will also be applied to any dividends unclaimed after April 30, 1982.

Amounts payable in respect of current dividends:—

Coupon No. 2 EDR denomination	Gross Dividend	Dividend payable less 15% Japanese withholding tax	Dividend payable less 20% Japanese withholding tax
1,000 shares	US$257.84	US$219.16	US$206.27

Depositary:
Citibank, N.A.
336 Strand, London, WC2R 1HB

Agent:
Citibank (Luxembourg) S.A.
16 Avenue Marie Therese

January 11, 1982.

NOTICE TO HOLDERS OF EUROPEAN DEPOSITARY RECEIPTS (EDRs) IN MINEBEA CO., LTD.

EDR holders are informed that Minebea Co., Ltd. has paid a dividend to *holders of record September 30, 1981. The cash dividend payable is* Yen 6.00 per Common Stock of Yen 50.00 per share. Pursuant to Clause 6 of the Deposit Agreement the Depositary has converted the net amount, after deduction of Japanese withholding taxes, into United States Dollars.

EDR holders may now present Coupon No. 1 for payment to the undermentioned agents.

Payment of the dividend with a 15% withholding tax is subject to receipt by the Depositary or the Agent of a valid affidavit of residence in a country having a tax treaty or agreement with Japan giving the benefit of the reduced withholding rate. *Countries currently having such arrangements are as follows:*

A.R. of Egypt	F.R. of Germany	The Netherlands	Spain
Australia	Finland	New Zealand	Sweden
Belgium	France	Norway	Switzerland
Brazil	Hungary	Rep. of Korea	United Kingdom
Canada	Ireland	Romania	U.S. of America
Czechoslovakia	Italy	Singapore	Zambia
Denmark	Malaysia		

Failing receipt of a valid affidavit Japanese withholding tax will be deducted at the rate of 20%. The full rate of 20% will also be applied to any dividends unclaimed after April 30, 1982.

Amounts payable in respect of current dividends:

Coupon No. 1 EDR denomination	Gross Dividend	Dividend payable less 15% Japanese withholding tax	Dividend payable less 20% Japanese withholding tax
1,000 shares	US$25.80	US$22.68	US$21.52

Depositary:
Citibank, N.A.
336 Strand, London, WC2R 1HB

Agent:
Citibank (Luxembourg) S.A.
16 Avenue Marie Therese

January 11, 1982.

EUROFIMA
European Company for the financing of Railway Rolling Stock
7¼% 1973/1988 LOAN OF US$20,000,000

Bondholders are informed that on December 14, 1981, Bonds for the amount of US$700,000 have been drawn for redemption.

The Bonds will be reimbursed at par, Coupon No. 10 and following attached, as from February 15, 1982.

The drawn debentures are those, not yet previously redeemed, included in the following ranges: 12763 to 13462 incl.

Amount repurchased: none. Amount outstanding: US$11,300,000.

Luxembourg, December 28, 1981.

KREDIETBANK
S.A. Luxembourgeoise

ANNOUNCEMENTS

NATIONAL IRANIAN OIL COMPANY ANNOUNCEMENT

As some agents, middlemen and opportunists have lately attempted to appear as representatives of the NATIONAL IRANIAN OIL COMPANY concerning the sales of crude oil on the international market, NIOC hereby categorically denies such allegations and informs all concerned, that NIOC with regard to all its crude oil sales do not have any agent, representatives or brokers who may act on its behalf. Furthermore, all such transactions are carried out solely and directly only by NIOC.

COMPANY NOTICES

TEIJIN LTD.
NOTICE TO HOLDERS OF BEARER DEPOSITARY RECEIPTS ("BDRs")

NOTICE IS HEREBY GIVEN to holders of BDRs that Teijin Ltd. paid a dividend of Yen 3.5 per share on 18th December, 1981 to shareholders on the company's register at the close of business on 30th September, 1981. This dividend has been converted into United States dollars at US$ 1.11RS gross per BDR.

Accordingly, Banque Internationale a Luxembourg S.A. as Depositary (Agent Bank) of the BDRs that they should claim their dividends by presenting Coupon No. 34 on or after 11th January, 1982 at the offices of the Depositary, Banque Internationale a Luxembourg S.A., 2 Boulevard Royal, Luxembourg, or at the office of the Agent, Hill Samuel and Co. Ltd., 100 Wood Street, London EC2P 2AJ.

Coupons must be left for four clear business days for examination, and may be encashed on any weekday (Saturdays and public holidays excepted) during normal business hours and the coupons arising from BDRs issued in London, must be presented separately from those issued in Luxembourg.

Japanese withholding tax at the rate of 20 per cent. on all dividends from the gross value of all dividends will be deducted unless the BDR holder lodges a form acceptable to the Depositary, to claim the benefits of treaties between Japan and the holder's country having a tax treaty or agreement with Japan providing for a lower rate of withholding tax, in which case such lower rate will be applied.

BANQUE INTERNATIONALE A LUXEMBOURG
Société Anonyme
Depositary

CLUBS

EVE

has outlived the others because of a policy of fair play and value for money. Supper from 10-3.30 am. Disco and top musicians, glamorous hostesses, exciting floorshows.

189 REGENT STREET
01-734 0557

NOTICE OF RATE OF INTEREST
BANQUE EXTERIEURE D'ALGERIE
US$55,000,000 FLOATING RATE SERIAL NOTES DUE 1988

In accordance with the provisions of the Reference Agency Agreement between Banque Exterieure d'Algerie and Citibank, N.A., dated as of 6 June, 1978, notice is hereby given that the Rate of Interest has been fixed at 15⅝% and that the Coupon Amount payable on July 12, 1982, against Coupon No. 8 will be US$ 79.01 and that such amount has been computed on the actual number of days elapsed (181) divided by 360.

By: CITIBANK, N.A., LONDON
Agent Bank

January 11, 1982.

ART GALLERIES

MATHAF GALLERY, 24 Motcomb Street, London SW1. Tel. 235 0010. Specialists in 19th Century and Contemporary Paintings of ARABIA.

WHITECHAPEL ART GALLERY, Whitechapel High St. 377 0107. Tube Aldgate East. To 24 Jan. BRITISH SCULPTURE IN THE TWENTIETH CENTURY. Part II 1951-80. Sun-Fri 11-5.50. Cl. Sat. Adm. £1 (50p). Free Mon. 2-6.

THEATRES

IPSTREAM. 925 5384. From 29th Dec. Family Musical YOU'RE A GOOD MAN CHARLIE BROWN.

ADELPHI. CC 01-836 7611. Mats Sats 2.45. Sats 5 & 8. GORDON JACKSON in AGATHA CHRISTIE'S CARDS ON THE TABLE. SORRY, No reduced prices from any source but seats bookable from £2.50.

VICTORIA PALACE. CC 01-828 4735-6. 01-834 1317. Evgs 7.30. Mats Wed. 7ues., Wed. Thurs & Sat at 2.45. JOHN INMAN, ARTHUR LOWE, IAN LAVENDER in MOTHER GOOSE. Group sales 01-379 6061 & Telepata 01-200 0200 (24 hours).

VICTORIA PALACE THEATRE. Opens March 17. Limited Season. Previews March 5-16. ELIZABETH TAYLOR in THE LITTLE FOXES by LILLIAN HELLMAN. Box Office open 01-834 1317/8, 01-828 4735/6. Credit cards accepted.

WAREHOUSE. Donmar Theatre, Earlham St, Covent Gdn. Box Office 836 6808. ROYAL SHAKESPEARE COMPANY. GOOD by C. P. Taylor. Ton't 7.30 am. Last perfs HAMLET & GRETEL by David Rudkin (may be felt not suitable for younger children). 15-16 Jan. WAREHOUSE FESTIVAL: opens 18 Jan with Raymonds at AUNT MARY. Next day by Pam Gems.

WESTMINSTER. CC 01-834 0283. 'IAN ... AND THE MONSTER. A fantasy adventure musical. Until Jan 23. Mon-Sat 2.15. Fri & Sat 4.45.

WHITEHALL. Box off. tel 01-839 6975. 01-930 6012-7765. CC 01-930 6693-6694. Group sales tel 01-379 6061. THE LITTLE ... latest farce ANYONE FOR DENIS? by JOHN WELLS. Directed by DICK CLEMENT. MON-SAT EVES 8.15 am. MAT SAT 5.0 am.

WYNDHAM'S. S 836 3028. CC 379 6565. Grp reductions 836 3962. COLIN BLAKELEY, ROSEMARY HARRIS in ARTHUR MILLER'S ALL MY SONS. Directed by MICHAEL BLAKEMORE. Mon-Fri 7.30. Sat 4.30 & 8.00. Wed mat 2.30.

YOUNG VIC (Waterloo). 928 6363. Eves 7.30. All seats £2.50. JOHN WHITE'S CASSANDRA KING LEAR. From Tues 19th

APPOINTMENTS

Dr Fred top man at Thorn EMI Security

Dr Frederick J. Westlake has been appointed chief executive of THORN EMI SECURITY, Twickenham, which was formed to co-ordinate the company's international operations in fire and crime prevention. These are carried out principally through AFA-Minerva and Unique Fire Protection.

★

Mr C. M. McCarthy has been appointed group financial director of BOWTHORPE HOLDINGS PLC with effect from January 1. He succeeds Mr C. Bastians, who is approaching retirement age but who will continue as a director of the electronic and electrical components group with responsibility for investment and related functions.

★

Mr Gerald Long has been appointed to the main board of STEPHENSON BLAKE (HOLDINGS). He retains responsibility for the South Wales works of the group's major subsidiary, Bramber Engineering, which manufactures steel springs for the motor car industry.

★

Mr Bryan J. McGinity has been appointed marketing director of MINTEX with effect from January 1.

★

Thorn EMI Technology has appointed Mr Charles Coles as managing director of SE LABS (EMI), Feltham, a subsidiary engaged in data recording, computer peripheral devices, computer communications equipment, and instrumentation. He is also managing director of the Thorn EMI nucleonic instrumentation company, Nuclear Enterprises.

★

Mr G. E. McWatters has resigned as chairman of Norris Industries Rushden in advance of his retirement as chairman of WARD WHITE GROUP on March 17. Mr J. W. E. Sharp has been appointed executive chairman of Norris Industries Rushden and Mr L. Tillotson administration director. Mr W. H. Landmann has resigned as a director of Ward White Group and as chief executive of the engineering division, but continues as managing director of Norris Industries Rushden.

★

Mr P. W. Longland, chairman of Worms, has joined the board of RESERVE ASSET MANAGERS and has been elected chairman, succeeding Mr R. D. Whitby, who remains on the board as a non-executive director. Mr R. K. Hutton has been appointed joint managing director.

★

Mr Peter J. Attwood has been appointed director of MEARA GIBSON, insurance brokers.

★

Sir Hugh Fraser and Mr David Maitland have been appointed to the board of GRA PROPERTY TRUST, as non-executive directors.

Lorry bans in London 'no solution,' says RHA

BY LYNTON McLAIN, TRANSPORT CORRESPONDENT

LORRY BANS in London would result in the nuisance and congestion of lorries being transferred from one place to another "with no environmental benefit," the Road Haulage Association says today in its evidence to the Greater London Council's independent inquiry into bans on lorries in the capital.

The RHA was refused independent representation by the GLC on the inquiry panel. Instead, the association, which represents 15,000 road haulage companies, has had to be represented jointly with the Freight Transport Association, the trade group which represents company-owned transport operations.

The refusal caused the RHA to say in its evidence that "there could be little confidence in an inquiry panel which excluded the main lorry operating association."

Suitable by-pass routes must exist to accommodate lorries diverted as a result of the proposed ban, the RHA says. At the moment these by-pass routes do not exist in London, which is a "classic case" of a city without alternative lorry routes.

The association is particularly scathing about the terms of reference of the inquiry, which it describes as "hypothetical," because the circular route mentioned by the terms of reference "on or near the administrative boundary of the GLC" does not exist and will not exist until the M25 orbital motorway is completed around London in 1986.

Other criticism of the GLC's proposed lorry ban include the effect of such a ban on road wear, damage to buildings, pavement and underground services. Bans based on the weight of lorries would increase, rather than reduce road damage, the RHA says. This is because a ban on heavy lorries would result in the goods being carried in 8 ton, 16 ton or 24 ton gross weight vehicles. More of these lorries would be on the road to carry the same goods and the damage to roads would increase.

The RHA also rejected the idea that buildings and pavements are damaged by lorries. Also, "there is no evidence that lorries contribute to damage of underground services."

In conclusion, the RHA insists that the heavy lorry contributes "a great deal to the quality of people's lives, especially in terms of the availability, the variety and the prices of goods in the shops.

"Unreasonable curbs on freight movements by road and the artificial diversion of traffic to rail would be contrary to the economic interests of Britain."

Factory for Peterborough

THERM-A-STOR, the double-glazing manufacturer, is to build a factory, warehouse, and office complex in Peterborough, Cambridgeshire, providing over 500 new jobs there over the next three years.

Work on the development will start this month at a 15-acre site near the Great North Road. It will be one of the biggest projects for the city since the Government expansion scheme started 11 years ago.

Therm-a-Stor, owned by MG Thermal and Acoustic Efficiency, of Perivale, Middlesex, already has a factory in Peterborough employing 150 people. The development was originally planned two years ago but was postponed because of the recession.

Food poisoning on the increase

FOOD POISONING causes more than 23m lost working days each year and the annual total of reported cases has doubled in the past 10 years, two environmental health officers claimed yesterday.

Mr Richard Foulger and Mr Edward Routledge said in The Food Poisoning Handbook that despite food hygiene regulations in force for more than 20 years, they continued to find contraventions of the law in 70 per cent of the establishments they visited.

The number of notified cases of food poisoning continued to rise despite greater public awareness, higher hygiene standards, and official pressure on food manufacturers and caterers, they write.

Mental handicap move welcomed

PLANS TO transfer mentally handicapped hospital patients back into the community were welcomed yesterday by the Campaign for Mentally Handicapped People.

It said the plans, outlined in a Health Department report, could provide the single biggest impetus yet towards replacing long-stay hospitals with comprehensive local services.

WORLD STOCK MARKETS

NEW YORK

[illegible]

CANADA

[illegible]

HOLLAND

[illegible]

High	Low	Stock	Price Fls.
238	207.5	Robeco	212
123.8	109.9	Rodamco	118.5
275.2	203.1	Rolinco	212.5
139.2	117.2	Rorento	135.4
106.0	71.5	Royal Dutch	84.6
144	71.1	Slavenburg's	71.1
280.6	192	Tokyo Pac Hg	222.5
160.5	123.6	Unilever	150.5
121	112	Viking Res	131
51	28.1	VMF Stork	40
72.5	44.5	VNU	49.5
33	19.9	Volker-Stevin	28.5
220	57	West Utr Bank	72.5

NORWAY

1981/82 High	Low	Jan. 8	Price Kronor
123	100	Bergens Bank	106
140	77	Borregaard	120
149	111	Creditbank	135
84	47.5	Elkem	48
610	416	Kosmos	422
537.5	360	Norsk Hydro	402.5
276	165	Storebrand	237.5

ITALY

1981/82 High	Low	Jan. 8	Price Lire
174,100	102,200	Assicur Gen.	140,500
35,600	30,500	Banca Com'le.	55,520
550	204	Bastogi Fin.	204
10,640	4,170	Centrale	5,300
17,770	4,270	Credito Varesino	7,200
2,210	1,400	Fiat	1,571
104	28	Finsider	28.75
2,050	2,845	Invest	2,865

[illegible]

SWEDEN

[illegible]

SWITZERLAND

[illegible]

GERMANY

[illegible]

AUSTRALIA

[illegible]

SINGAPORE

[illegible]

HONG KONG

1981/82 High	Low	Jan. 2	Price H.K.$
38.75	18.5	Cheung Kong	21.4
5.55	2.00	Cosmos Prop.	2
11.5	7.90	Cross Harbour	11.6
176	99.5	Hang Seng Bank	127
6.75	4.20	HK Electric	3.7
10.80	5.00	HK Kowloon Wh.	5.5
14.2	7.6	HK Land	2.45
20.1	12.2	HK Shanghai BK.	14.6
31.25	16.8	HK Telephone	99.8
25.5	13	Hutchison Wpa	18
27.70	12.5	Jardine Math.	12.6
7.30	4.05	New World Dev.	5.10
7.60	4.15	O'seas Trust Bk.	5.95
91.80	7.2	SKH Props	8.95
20.3	9.7	Swire Pac A	11.5
9.10	4.95	Wheel'k Mard A.	6.75
6.0	4.10	Wheel'k Maritl'e	5.15
5.40	2.00	World Int. Hldgs.	2.6

JAPAN

1981/82 High	Low	Jan. 9	Price Yen
1,080	745	Ajinomoto	900
911	540	Amada	668
688	378	Asahi Glass	668
620	431	Bridgestone	444
1,870	710	Canon	860
487	315	Citizen	315
776	559	Daiei	622
500	399	DKBO	475
[illegible]	537	Dai Nippon Ptg.	728

[illegible]

SOUTH AFRICA

[illegible]

Financial Rand US$0.77½ (Discount of 24¼%)

BRAZIL

1981/82 High	Low	Jan. 8	Price Cruz
1.90	0.75	Acesita	1.60
11.85	3.05	Banco Brasil	10.00
1.57	1.40	Banco Itau	1.53
4.89	1.80	Belgo. Min.	5.15
5.99	2.80	Lojas Amer.	6.20
2.90	2.12	Petrobras PP	7.30
1.90	1.05	Pirelli OP	1.90
9.95	2.05	Souza Cruz	5.70
7.50	4.65	Unip PE	5.00
15.45	4.50	Vale Rio Doce	8.00

TEL AVIV

Company	Prices Jan 10 1982	Change on the week
Banking, Insurance and Finance		
Bank Leumi le Israel	1,854	+ 19
IDB Bankholding	2,652	+ 15
Bank Hapoalim Br.	2,431	+ 12
Union Bank of Israel Br.	1,745	+ 50
United Mizrahi Bank	1,299	+ 77
Gen. Mort. Bank Br.	1,300	—
Hassneh Insurance Br.	1,195	—
"Tefahot" Israel Mort. Bank Br.	1,740	+ 40
Land Development		
Africa Israel Inv.	2,510	+110
Property and Building	1,660	+108
Israel Land Developmnt.	1,410	+ 55
Public Utility		
Israel Electric Corp.	—	—
Investment Companies		
Bank Leumi Invest.	872	+120
"Clal" Israel Invest.	1,455	+105
Discount Invest.	1,070	—685
Commercial and Industrial		
Elco Br.	—	—
Argaman Textile Br.	568	+ 28
"Ata" Textile "C"	462	+ 35
Amer. Israeli Ppr. Mills	1,430	+220
Assis	—	—
Elite	2,662	+337
Teva Reg.	2,050	+ 40
Dead Sea Works	2,120	+170
Fuel and Oil		
Super-Sol "A"	1,280	+ 10
Delek	840	+ 18

Source: Bank Leumi le Israel BM, Tel Aviv.

NOTES:—Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

AUSTRIA

[illegible]

BELGIUM/LUXEMBOURG

[illegible]

DENMARK

[illegible]

FRANCE

[illegible]

Indices

NEW YORK — DOW JONES

[illegible]

STANDARD AND POORS

[illegible]

NEW YORK ACTIVE STOCKS

[illegible]

CURRENCIES, MONEY and GOLD

MONEY MARKETS

COLIN MILLHAM

Rates follow New York down

INTEREST RATES declined in major financial centres last week, influenced by the easier trend in U.S. rates. The Federal funds overnight rate began at around 13¾ per cent, but soon fell to the 12 per cent level, which appears to be a fairly critical point as far as world interest rates are concerned. The fall to 11¾ per cent on Tuesday encouraged the downward drift in London rates to continue. London three-month interbank money finished the week at 15⅝ per cent compared with 15⅞ per cent before the New Year holiday. Seven-day funds were unchanged at 14¾ per cent but the generally easier trend prompted renewed hope of a future cut in bank base rates, rather than the fears of an increase which dominated sentiment until very recently.

Market nerves were not helped however by the bad news that Smith St Aubyn, one of the London discount houses, had made a shattering loss on its gilt-edged trading.

In Continental Europe rates also declined, with Frankfurt call money falling more than ½ per cent to under 10 per cent on Friday, largely in reaction to an abundant supply of liquidity as a result of securities repurchase agreements with the Bundesbank, totalling DM 15.5bn.

In Paris the Bank of France offered some FFr 17bn of funds to the money market during the week, through official purchases of first category paper, at an unchanged 14¾ per cent, while call money eased to 15⅛ per cent from 15¼ per cent, and period rates fell by about ⅛ per cent.

The Belgian National Bank steadily reduced the rates on short-term Treasury certificates, and cut its discount rate by 1 per cent to 14 per cent, and the Lombard rate by 2 per cent to 15 per cent.

Major Swiss banks cut time deposit rates twice—by ¼ to ½ per cent, depending on period on Monday, and by ¼ per cent in all categories on Friday—reflecting an easing of Euro Swiss franc rates.

In Amsterdam call money firmed slightly to 10 1/16 per cent from 10 1/32 per cent, but the money market was kept sufficiently liquid by a special advance of Fl 2.64bn at 10⅜ per cent from the Dutch central bank.

WEEKLY CHANGE IN WORLD INTEREST RATES

	Jan. 9	change		Jan. 8	change
LONDON			**NEW YORK**		
Base rates	14½	Unch'd	Prime rates	15¾	Unch'd
7 day Interbank	14⅝-14⅞	Unch'd	Federal funds	12-12¼	—⅛
3 mth Interbank	15 9/16-15½	—⅛	3 mth Treasury Bills	11.46	+0.44
Treasury Bill Tender	14.6701	—0.1112	6 Mth. Treasury Bills	12.20	+0.28
Band 1 Bills	14⅝	Unch'd	3 Mth. C D	13.05	+0.05
Band 2 Bills	14⅝-14½	Unch'd	**FRANKFURT**		
Band 3 Bills	14⅝	—	Special Lombard	10.5	Unch'd
3 Mth. Treasury Bills	14 7/16-14 5/16	—	One Mth. Interbank	10.65	—0.20
1 Mth. Bank Bills	14 9/16-14 7/16	—	Three month	10.575	—0.175
3 Mth. Bank Bills	14¼-14⅜	—	**PARIS**		
TOKYO			Intervention Rate	14¾	Unch'd
One month bills	5.53125	Unch'd	1 Mth. Interbank	15	—⅛
Three month Bills	5.53125	Unch'd	Three month	15	—⅛
BRUSSELS			**MILAN**		
One month	15	—¾	One month	20¼	—⅛
Three month	15	—⅜	Three month	20½	Unch'd
AMSTERDAM			**DUBLIN**		
One month	10⅛	—1/16	One month	17⅝	—⅞
Three months	10 1/16	—1/16	Three month	19⅛	—⅝

London—band 1 bills mature in up to 14 days, band 2 bills 15 to 33 days, and band 3 bills 34 to 63 days. Rates quoted represent Bank of England buying or selling rates with the money market during the week. In other centres rates are generally deposit rates in the domestic money market and their respective changes during the week.

BANK OF ENGLAND TREASURY BILL TENDER

	Jan. 8	Dec. 31		Jan. 8	Dec. 31
Bills on offer*	£100m	£100m	Top accepted rate of discount	14.8205%	14.8206%
Total of applications	£205.225m	£163.555m	Average rate of discount	14.6701%	14.7913%
Total allocated	£100m	£100m	Average yield	15.23%	15.36%
Minimum accepted bid	£96.305	£95.305	Amount on offer at next tender	£100m	£100m
Allotment at minimum level	17%	45%			

*91 days 92 day bills allocated in full at £95.37

FT LONDON INTERBANK FIXING

LONDON MONEY RATES

EURO-CURRENCY INTEREST RATES (Market closing Rates)

CURRENCIES AND GOLD

$ and £ firm

The dollar improved against all major currencies except sterling in quiet foreign exchange trading last week. Eurodollar interest rates were little changed on balance, after fluctuating within a fairly narrow range for most of the time. A larger than expected rise in the U.S. money supply figures and comments by Dr Henry Kaufman, of Salomon Brothers, about firmer U.S. interest rates, possibly challenging the peaks of 1981, pushed up U.S. interest rates and the dollar last Tuesday. On the other hand the improving liquidity position in New York, following the year end, produced quite a sharp fall in the Federal funds overnight rate leading to intervention by the Federal Reserve Bank to drain reserves by reverse repurchase agreements.

As European rates fell, partly in response to the situation in the U.S., the dollar rose to DM 2.2585 from DM 2.2470 against the D-mark; to FFr 5.73 against the French franc from FFr 5.70; to SwFr 1.8265 from SwFr 1.80 in terms of the Swiss franc; and to Y221.35 from Y219.70 against the Japanese yen.

Sterling rose 90 points on the week to $1.9190 and its trade-weighted index, on Bank of England figures, improved to 91.8 from 90.9. The pound was helped by the relative strength of London interest rates, and the better than expected money supply figures announced during the week.

Members of the European Monetary System showed little change, apart from a weakening of the Irish punt. The French franc replaced the punt as the strongest member of the system, as the Irish currency fell to fourth place behind the Dutch guilder and Danish krone.

The Belgian franc showed a slight improvement, but remained the weakest EMS currency, below the D-mark and Italian lira. Belgian interest rates fell during the week, including a cut in the Belgian National Bank discount and Lombard rates. The recent solution of Belgium's political crisis appeared to help the franc and allow the interest rate decline, but the market remained very nervous about the future prospects of the franc, renewing speculation of a devaluation within the foreseeable future.

Gold rose $¼ to $400-401, after touching a low of $394¼-395¼.

THE POUND SPOT AND FORWARD

THE DOLLAR SPOT AND FORWARD

Jan 8	Day's spread	Close	One month	% p.a.	Three months	% p.a.
Portugal	65.40-65.80	65.40-65.55	25-105c dis	−11.90	65-235 dis	−9.15
Spain	97.15-97.60	97.20-97.25	25-35c dis	−3.70	70-85 dis	−3.19
Italy	1,209-1,211	1,209-1,210	8½-9½ lira dis	−8.93	27-29 dis	−9.26
Norway	5.8100-5.8250	5.8100-5.8150	0.20-0.60ore dis	−0.82	0.25pm-0.15d	0.03
France	5.7100-5.7450	5.7275-5.7325	1.25-1.40c dis	−2.78	4.30-4.55dis	−3.09
Sweden	5.5475-5.5585	5.5475-5.5525	0.55-0.35ore pm	0.97	1.15-0.95 pm	0.75
Japan	220.60-222.00	221.30-221.40	1.60-1.45y pm	8.27	4.00-3.85 pm	7.09
Austria	15.75-15.84	15.78½-15.79½	5-3¾gro pm	3.32	14¼-11¼ pm	3.23
Switz.	1.8210-1.8340	1.8260-1.8270	1.00-0.90c pm	6.24	2.29-2.18 pm	4.88

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

FORWARD RATES AGAINST STERLING

	Spot	1 month	3 month	6 month	12 month
Dollar	1.9180	1.9160	1.9119	1.91095	1.90925
D-Mark	4.3350	4.3175	4.28375	4.2309	4.1497
French Franc	10.9950	11.003	11.035	11.1215	11.295
Swiss Franc	3.5075	3.4862	3.4537	3.3962	3.2786
Japanese Yen	425	421.5	416.1	407.3	393

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU January 8	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	40.7572	41.6449	+2.18	+1.22	±1.5368
Danish Krone	7.91117	7.98303	+0.91	−0.05	±1.6412
German D-Mark	2.40989	2.44805	+1.50	+0.54	±1.1077
French Franc	6.17443	6.20404	+0.48	−0.48	±1.3733
Dutch Guilder	2.66382	2.68115	+0.65	−0.31	±1.5063
Irish Punt	0.684452	0.692142	+1.12	+0.16	±1.6688
Italian Lira	1300.67	1308.43	+0.60	+0.44	±4.7229

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

Starling/ECU rate for January 9 .... 0.584556

GOLD

	Jan. 8		Jan. 7	
Gold Bullion (fine ounce)				
Close	$400-401	(£208½-209)	$396½-397½	(£206¾-207¼)
Opening	$387¾-399¾	(£207-207½)	$397½-398½	(£207½-208)
Morning fixing	$387.75	(£207.394)	$395.95	(£206.941)
Afternoon fixing	$400.25	(£208.030)	$396.50	(£206.963)
Gold Coins				
Krugerrand	$413½-415½	(£215¼-216¾)	$409-410	(£213½-214)
1/2 Krugerrand	$218½-213½	(£110¾-111½)	$210-211	(£109½-110)
1/4 Krugerrand	$109¼-109¼	(£56½-57)	$105½-108½	(£55-55½)
1/10 Krugerrand	$44¼-45¼	(£23-23½)	$43¼-44¼	(£22½-23)
Mapleleaf	$413½-414½	(£215¾-215¼)	$410-411	(£214-214½)
New Sovereigns	$98¼-98¾	(£51¼-51½)	$97-97½	(£50½-50¾)
King Sovereigns	$115½-115½	(£60-60½)	$114-115	(£59½-60)
Victoria Sovs	$115½-115½	(£60-60½)	$114-115	(£59½-60)
French 20s	$97-107	(£50½-55¾)	$96-106	(£50-55¼)
50 pesos Mexico	$496-490	(£258¾-260½)	$493-495	(£257¼-258¾)
100 Cor. Austria	$388-393	(£203-204½)	$387-390	(£202-203½)
$20 Eagles	$510-515	(£266-268¾)	$507-518	(£264¼-257¼)

OTHER CURRENCIES

EXCHANGE CROSS RATES

Jan. 8	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.919	4.335	425.0	10.995	3.508	4.758	2322.	2.276	73.80
U.S. Dollar	0.521	1.	2.259	221.5	5.730	1.828	2.479	1210.	1.186	38.45
Deutschemark	0.231	0.443	1.	98.04	2.536	0.809	1.097	535.5	0.525	17.02
Japanese Yen 1,000	2.353	4.515	10.20	1000.	25.87	8.253	11.19	5464.	5.355	173.6
French Franc 10	0.910	1.745	3.943	386.5	10.	3.190	4.327	2112.	2.070	67.12
Swiss Franc	0.285	0.547	1.236	121.2	3.136	1.	1.356	662.0	0.649	21.04
Dutch Guilder	0.210	0.403	0.911	89.33	2.311	0.737	1.	488.0	0.478	15.51
Italian Lira 1,000	0.431	0.826	1.867	183.0	4.735	1.511	[illegible]	1000.	[illegible]	[illegible]
Canadian Dollar	0.439	0.843	1.905	186.7	4.831	1.541	[illegible]	[illegible]	[illegible]	[illegible]
Belgian Franc 100	1.355	2.600	5.874	575.9	14.90	4.753	[illegible]	[illegible]	[illegible]	[illegible]

RECENT ISSUES

EQUITIES

FIXED INTEREST STOCKS

"RIGHTS" OFFERS

F Dividend and yield based on prospectus or other official estimates for 1982. Q Gross. T Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price. p Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or take-over. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. †† Dealings under special Rule. ✠ Unlisted Securities Market. ‡‡ London Listing. ‡ Effective issue price after scrip. † Issued as a unit comprising 33 Ordinary and £5 Loan 1986-88.

LOCAL AUTHORITY BOND TABLE

Authority (telephone number in parentheses)	Annual gross interest	Interest payable	Minimum sum	Life of bond
	%		£	Year
Knowsley (051-548 6555)	14¼	½-year	1,000	4-8

FT UNIT TRUST INFORMATION SERVICE

OFFSHORE & OVERSEAS FUNDS

AUTHORISED UNIT TRUSTS

FT UNIT TRUST INFORMATION SERVICE

L & C Unit Trust Management Ltd.,
The Stock Exchange, London EC2N 1HA 588 2800

L&C Inc. Fund	161.6	166.7	.....	8.75
L&C Intl & Gen Fd.	129.8	133.9	−5.3	1.65

Legal & General (Unit Tst., Mngrs.) Ltd.
5 Rayleigh Rd., Brentwood 0277 217238

Equity Dis.	92.8	100.3	+0.6	4.61
Equity Acc.	130.1	140.6	+0.8	4.61
Gilt	112.6	118.5	+0.1	8.10

Leonice Administration Ltd.
2, St. Mary Axe, EC3A 8BP. 01-623 6114.

Leo Distribution	121.0	128.3	.....	0.42
Leo Accum.	143.6	152.3	.....	0.42

Lloyds Bk. Unit Tst. Mngrs. Ltd. (a)
Registrar's Dept., Goring-by-Sea, Worthing, West Sussex. 01-623 1288

Balanced	73.5	[illegible]	[illegible]	[illegible]
Do. (Accum.)	115.3	[illegible]	[illegible]	[illegible]
Energy Int.	44.0	[illegible]	[illegible]	[illegible]
Do. (Accum.)	44.7	[illegible]	[illegible]	[illegible]
Extra Income	59.8	[illegible]	[illegible]	[illegible]
Do. (Accum.)	85.1	[illegible]	[illegible]	[illegible]
Income	95.8	[illegible]	[illegible]	[illegible]
Do. (Accum.)	157.8	[illegible]	[illegible]	[illegible]
Intl. Technology	77.5	[illegible]	[illegible]	[illegible]
Do. (Accum.)	78.9	[illegible]	[illegible]	[illegible]
N. American & Gen.	48.1	[illegible]	[illegible]	[illegible]
Do. (Accum.)	49.1	[illegible]	[illegible]	[illegible]
Pacific Basin	47.4	[illegible]	[illegible]	[illegible]
Do. (Accum.)	47.4	[illegible]	[illegible]	[illegible]
Small Cos. & Recy.	56.1	[illegible]	[illegible]	[illegible]
Do. (Accum.)	58.8	[illegible]	[illegible]	[illegible]
Worldwide Gwth.	85.4	[illegible]	[illegible]	[illegible]
Do. (Accum.)	114.9	[illegible]	[illegible]	[illegible]

Lloyd's Life Unit Tst. Mngrs. Ltd.
2, St. Mary Axe, EC3A 8BP. 01-623 6114

Equity Accum. (2)	258.5	282.6xd	.....	4.25

Local Authorities' Mutual Invest. Tst.*
77, London Wall, EC2N 1DB. 01-588 1815

Property Fd. Dec. 31.		758.50	+1.35	6.77
Wider Fund Dec. 31.		280.35	−1.40	5.05
Narrower Fd. Dec. 31.		70.05	−2.05	14.57

*Unauthorised. Available only to Local Authorities.

M & G Group (a)(c)(z)
Three Quays, Tower Hill, EC3R 6BQ. 01-626 4588

(Accum. Units)	310.9	[illegible]	[illegible]	[illegible]
European	58.9	[illegible]	[illegible]	[illegible]
(Accum. Units)	56.2	[illegible]	−0.	[illegible]
Extra Yield	83.3	90.8	+0.6	[illegible]
(Accum. Units)	140.4	153.0	+1.1	[illegible]
Far Eastern	122.3	130.9	−0.1	[illegible]
(Accum. Units)	140.7	150.6	−0.2	[illegible]
Fund of Inv. Tsts.	89.4	97.4	+0.1	[illegible]
(Accum. Units)	123.9	135.0	+0.2	[illegible]
General	222.1	246.3xd	+1.2	[illegible]
(Accum. Units)	415.4	446.6	+2.2	[illegible]
Gilt Income	42.8	43.9	−0.1	[illegible]
(Accum. Units)	46.5	48.3	−0.1	[illegible]
High Income	109.5	117.2xd	+1.0	[illegible]
(Accum. Units)	233.6	250.0	+2.1	[illegible]
Japan	190.8	[illegible]	−3.7	0.81
(Accum. Units)	201.3	[illegible]	[illegible]	0.81
Magnum	324.7	[illegible]	[illegible]	5.30
(Accum. Units)	471.4	[illegible]	[illegible]	5.30
Midland	367.1	[illegible]	[illegible]	8.30
(Accum. Units)	963.2	[illegible]	[illegible]	8.30
Recovery	138.1	[illegible]	[illegible]	4.54
(Accum. Units)	149.9	[illegible]	[illegible]	4.54
Second General	254.2	[illegible]	[illegible]	5.30
(Accum. Units)	459.8	[illegible]	[illegible]	5.30

Royal Tst. Can. Fd. Mgrs. Ltd.
48-50, Cannon St., London EC4M 6LD 01-236 6044

Capital Fund	99.4	106.8	.....	3.88
Income Fund	72.0	77.4	.....	9.68

Prices on Dec 31. Next dealing day Jan. 15.

Save & Prosper Group
4, Great St. Helens, London EC3P 3EP
68-73 Queen St., Edinburgh EH2 4NX
Dealings to: 01-554 8899 or 031-226 7351

International Funds				
Capital	46.6	50.1xd	−0.1	2.81
I.T.U.	35.7	38.2	+0.1	4.30
Select International	352.7	380.0	−0.5	1.54
Univ. Growth	89.6	95.3	−0.2	0.71
Increasing Income Funds				
High-Yield	55.7	59.8	+0.5	8.22
Select Income	58.8	63.2	+0.3	6.92
High Income Funds				
Gilt & Fxd. Int. Inc.	44.6	47.9	+0.2	13.25
High Return	64.8	69.6	+0.6	8.63
Income	41.9	45.0	+0.4	10.43
U.K. Funds				
Gilt & Fxd. Int. Grth.	49.7	50.3	+0.3	5.14
UK Equity	61.7	66.3	+0.3	4.74
Overseas Funds (z)				
Europe	76.8	82.5	−0.1	1.48
Japan	127.5	137.0	−1.6	0.10
S.E. Asia	87.2	93.7	+0.2	0.64
U.S.	114.1	122.7	−0.8	0.78
Sector Funds				
Commodity	131.1	140.9	−0.3	3.19
Energy	131.5	141.3	−0.7	1.98
Exploration Fund (z)	38.0	40.9	.....	0.25
Financial Secs.	105.1	113.0xd	−0.1	2.62
New Technology (z)	45.3	49.7xd	−0.9	0.25
Fixed-Interest Fund (z)				
Intl. Bond Fd.	60.6	64.2	−0.5	2.29
Exempt Funds				
Exempt Income*	183.0	193.2xd	.....	7.56
Exempt Intl.*	373.2	393.9	.....	0.72

Prices at Dec. 23. Next sub. day Jan. 13.

Scotbits Securities Ltd.

Scotbits	49.5	53.2	.....	4.22
Scotyield	51.9	55.3	+0.7	7.79
Scotshares	63.1	67.2xd	+0.2	4.77

Schroder Unit Trust Managers Ltd.
48, St. Martins Lane, WC2. Dealings 0705 27733

Capital	169.7	[illegible]	.....	2.77
(Accum. Units)	222.7	[illegible]	.....	2.77
Income Fnd.	236.9	[illegible]	[illegible]	7.92
(Accum. Units)	422.2	[illegible]	[illegible]	7.92
Gen.	133.6	[illegible]	[illegible]	4.06
(Accum. Units)	156.2	[illegible]	[illegible]	4.06
Europe	22.8	[illegible]	[illegible]	2.94
(Accum. Units)	27.5	[illegible]	[illegible]	2.94
Smaller Co.'s	154.7	[illegible]	[illegible]	2.63
American	52.0	[illegible]	[illegible]	0.47
(Accum. Units)	52.1	[illegible]	[illegible]	0.47
Tokyo	56.4	[illegible]	[illegible]	0.18
(Accum. Units)	56.4	[illegible]	[illegible]	0.18
Gilt & Fixed	43.1	[illegible]	[illegible]	12.74
(Accum. Units)	45.2	47.6	+0.3	12.74
Australian	49.6	[illegible]	−0.2	3.15
(Accum. Units)	49.9	[illegible]	−0.2	3.15
Singapore & Malay	51.3	[illegible]	+0.1	1.33
(Accum. Units)	51.3	[illegible]	+0.1	1.33
*Ph. & C. Fd. Dec 31.	250.9	[illegible]	.....	4.80
*Recovery Jan. 5	300.3	[illegible]	.....	4.25
*Spec. Ex. Jan. 5	462.6	[illegible]	.....	2.00
Euro. Exempt Dec. 31	110.6	[illegible]	.....	3.25

*For tax exempt funds only.

Scottish Amicable Inv. Mngrs. Ltd.
150 St. Vincent St., Glasgow 041-221 8844

Equity Trust Accum.	104.0	112.3	+0.7	5.80

Scottish Equitable Fund Mgrs. Ltd.
28 St. Andrews Sq. Edinburgh 031-556 9101

Income Units	63.6	67.7	.....	5.07
Accum. Units	84.1	89.5	.....	5.07

Dealing day Wednesday.

[illegible]

Ulster Bank (a)
Waring Street, Belfast. 0232 35231

(z)Ulster Growth	41.8	44.9	+0.3	5.76

Unit Trust Account & Mgmt. Ltd.
Regis Hse. King William St. EC4R 9R. 01-623 4951

Friars Hse. Fund	57.3	61.0xd	.....	4.90

INSURANCE PROPERTY BONDS

Abbey Life Assurance Co. Ltd.
1-3 St. Paul's Churchyard, EC4. 01-248 9111

Equity Fund	45.2	[illegible]	+0.2	—
Equity Acc.	46.1	[illegible]	+0.2	—
Property Fd.	224.0	[illegible]	.....	—
Property Acc.	261.6	[illegible]	.....	—
Selective Fund	141.8	[illegible]	+0.4	—
Convertible Fund	172.2	[illegible]	.....	—
Money Fund	180.5	[illegible]	.....	—
Prop. Fd. Ser. 4	206.7	[illegible]	.....	—
Man. Fd. Ser. 4	137.6	[illegible]	+0.4	—
Equity Fd. Ser. 4	51.9	[illegible]	+0.3	—
Conv. Fd. Ser. 4	145.9	[illegible]	.....	—
Money Fd. Ser. 4	145.7	[illegible]	.....	—
Fixed Int. Fd. Ser. 4	102.3	[illegible]	.....	—
High Inc. Fd. Ser. 4	106.4	[illegible]	.....	—
American Fd. Ser. 4	111.5	[illegible]	−0.7	—
Pension Property	308.9	[illegible]	.....	—
Pension Selective	140.9	[illegible]	+0.4	—
Pension Managed	272.3	286.7	+0.4	—
Pension Security	209.4	220.5	.....	—
Pension Equity Fd.	263.2	277.1	+1.1	—
Pension Fixed Int.	97.5	102.7	.....	—

[illegible]

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

[illegible]

Five to Fifteen Years

[illegible]

Over Fifteen Years

[illegible]

Undated

[illegible]

INT. BANK AND O'SEAS GOVT. STERLING ISSUES

[illegible]

CORPORATION LOANS

[illegible]

COMMONWEALTH AND AFRICAN LOANS

Interest Due	Stock	Price £	Last xd	Yield Int.	Yield Red.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
1A	S. Rhod. 2½pc Non-Ass.	137	3.66	—	—
—	Do. 3½pc 80-85 Asstd.	99	10.8	6.85	20.40
—	Do. 4½pc 87-92 Asstd.	32xd	7.1	14.06	21.00
—	Zimbabwe Ann (£100pd)	331	—	—	26.31

LOANS

Interest Due	Stock	Price £	Last xd	Yield Int.	Yield Red.
	Public Board and Ind.				
1Ja 1J	Agric. Mt. 5pc '59-89	58	1.12	8.63	14.34
1M 1S	Met. Wtr. 3pc 'B'	25	3.8	12.52	14.87
30J 31D	U.S.M.C. 9pc 1982	105	31.12	8.57	—
30J 31D	Do. without Warnts.	94	31.12	9.57	—
	Financial				
20J 20D	FFI 14pc '83	95¾	[illegible]	14.62	16.62
31M 30S	FFI (UK Fa) 5½pc Db. '80-2	94	[illegible]	5.94	15.58
31M 30N	Do. 6¾pc Db. '81-84	80	[illegible]	7.90	15.51
11Ja 11J	Do. 10¾pc Uns. Ln. '86	82½	[illegible]	12.76	16.70
11Ja 11J	Do. 11pc Uns. Ln. '88	78	[illegible]	14.14	16.00
11Ja 11J	Do. 11¾pc Uns. Ln. '90	78	[illegible]	15.11	16.90
14Mr. 14S	Do. 12¼pc Un. Ln. 1992	83	[illegible]	15.79	16.80
30J 31D	Do. 7¼pc A Deb. '89-92	54	[illegible]	13.52	16.55
31M 30S	Do. 7¼pc A Deb. '91-94	54	[illegible]	13.96	16.37
31M 30S	Do. 9pc 'A' '91-94	63	[illegible]	14.93	16.57
28F 31A	Do. 8⅞pc Ln. '92-97	60	[illegible]	15.68	16.89
	Building Societies				
—	N'wide 14¾pc Bd 11.8.82	99	—	14.90	—
—	Do. 14⅝pc Bds 25.8.82	98¾	—	14.94	—
—	Do. 15⅜pc Bds. 29.9.82	99	—	15.53	—
—	Do. 16¼pc Bds. 27.10.82	99¾	—	16.29	—

FOREIGN BONDS & RAILS

Interest Due	Stock	Price £	Last xd	Div % Gross	Red. Yield
—	Antofagasta Rly.	67	8.7	—	—
1Ja 1J	Do. 5pc Pref.	55	28.8	—	—
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

AMERICANS

[illegible]

Hire Purchase, etc.

[illegible]

CANADIANS

Dividends Paid	Stock	Price	Last xd	Div. Gross	C'vr	Yld Gr's
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
M.Je.S.D.	Royal Bk. Can. $1	11½	26.10	$1.96	—	7.6
SeDeMrJu	Seagram Co. C$1	30	30.11	US$1.00	—	3.1
F.MyAuN.	Tor. Dom. Bk. $1	13½xd	29.12	$1.80	—	5.9
J.Ap.Jy.O.	Trans Can. Pipe	18¼	24.9	$1.16	—	5.0

BANKS AND HIRE PURCHASE

[illegible]

BEERS, WINES AND SPIRITS

[illegible]

BUILDING INDUSTRY, TIMBER AND ROADS

[illegible]

CHEMICALS, PLASTICS

[illegible]

CHEMICALS, PLASTICS—Cont.

[illegible]

DRAPERY AND STORES

[illegible]

ELECTRICALS

[illegible]

ENGINEERING MACHINE TOOLS

[illegible]

FOOD, GROCERIES, ETC.

[illegible]

FOOD, GROCERIES—Cont.

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

هكذا من الأصل

INDUSTRIALS—Continued

INSURANCE

LEISURE

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING ADVERTISING

PROPERTY

PROPERTY—Continued

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

INVESTMENT TRUSTS—Cont.

Finance, Land, etc.

OIL AND GAS

OIL AND GAS—Continued

OVERSEAS TRADERS

RUBBERS AND SISALS

TEAS

India and Bangladesh

Sri Lanka

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Finance

Diamond and Platinum

MINES—Continued

Central African

Dividends Paid		Stock	Price	Last xd	Div Net	Cvr	Y'ld Gr's
May	Nov.	Coronation 25c	65	28.9	Q60c	1.9	49.2
Nov.	May	Falcon Rh.50c	110	15	Q25c	10.3	16.9
Aug.		Roan Cons. K4	65	7.80	40013	5.8	—
Nov.	May	Wankie Col. Rh.1	32	10.4	Q3c	1.2	7.0
May	Oct.	Zam.Cpr.SBD0.24	20	15.9	—	—	—

Australian

Dividends Paid		Stock	Price	Last xd	Div Net	Cvr	Y'ld Gr's
—		Acmex 50c	58	—	Q6c	—	4.9
—		ACM 20c	20	—	—	—	—
—		Argosy Gold NL.25c	6	—	—	—	—
—		Bond Corp.	146	—	Q10c	2.3	4.3
Nov.	Apr.	Bougainville 1 Kina	69	7.3	‡Q25.4c	1.8	‡
—		CRA 50c	153	16.3	Q19c	1.7	7.6
—		Canada Northwest	11	—	—	—	—
—		Carr Boyd 20c	15	—	—	—	—
—		Central Pacific	53	—	—	—	—
—		Cons. Gold Mn. N.L. 25c	4¼	—	—	—	—
—		Cultus Pacific N.L.	22½	—	—	—	—
—		Eagle Corp. 10c	26	—	—	—	—
—		Endeavour 20c	23	—	—	—	—
—	June	G. M. Kalgoorlie 25c	355	5.79	Q32½c	0.9	5.6
—		Great Eastern	8½	—	—	—	—
—		Greenbushes Tin 50c	58	—	Q6c	1.9	6.3
Sept.	Feb.	Hampton Areas 10p	154xd	28.12	2.5	3.1	2.3
—		Haoma Gold N.L.	31	—	—	—	—
—		Intl. Mining	20	—	—	—	—
—		Jimberlana (50cFP)	30	—	—	—	—
—		Kalbara Min 20c	9½	—	—	—	—
—		Kitchener NL 25c	95	—	—	—	—
—		Leichardt Expln.	12	—	—	—	—
—		Meekatharra	490	—	—	—	—
—		Metals Ex. 50c	42	14.9	Q3c	1.7	4.4
—		Metramar Mins. 20cts.	17	—	—	—	—
—		Mid East Mins. NL	9	—	—	—	—
Oct.	Apr.	M.I.M. Hldgs. 50c	179	15.2	Q15c	♦	5.3
—		Mincorp 20c	33	—	—	—	—
—		Minefields Expl. 25c	7	—	—	—	—
—		Newmetal 20c	18	—	—	—	—
—		Nickelore N.L.	26	—	—	—	—
June	Nov	North B. Hill 50c	156	19.11	Q18c	1.8	7.2
—		Nth. Kalgurli	66	—	—	—	—
—		N. West Mining N.L.	21	—	—	—	—
May	Nov.	Oakbridge 50c	112	27.10	Q6½c	1.9	3.6
—		Otmin N. L.	90	—	—	—	—
—		Pacific Copper	98	—	—	—	—
—		Pancont'l 25c	138	—	—	—	—
—		Paringa M&Ex.5c	62	—	—	—	—
Apr.	Oct.	Peko-Wallsend 50c	315	12.3	Q15c	—	2.9
—		Pelsart Res NL	27½	—	—	—	—
—		Renison 50c	255	—	—	—	—
—		Do. Dfd.	195	—	—	—	—
—		Seltrust A	52	—	—	—	—
—		Southern Pacific	24	—	—	—	—
—		[illegible]	38	—	—	—	—
—		Vultan Mins 20c	65	—	—	—	—
—		West Coast 25c	10½	—	—	—	—
—		Westn. Cont 50c	35	—	—	—	—
Oct.	May	Westn. Mining 50c	229	[illegible]	Q14c	1.4	3.7
—		Westmex	11	—	—	—	—
—		Whim Creek 20c	32	—	—	—	—
—		York Resources	22	—	—	—	—

Tins

Dividends Paid		Stock	Price	Last xd	Div Net	Cvr	Y'ld Gr's
Feb.	Apr.	Amal [illegible]	7	—	—	—	—
Apr.	Nov.	Ayer Hitam $M1	250	23.11	Q135c	0.7	12.9
Feb.	Aug.	Geevor	140	16.6	—	—	—
June		Gopeng Cons.	600	—	215.0	♦	3.1
Dec.		Hongkong	410	—	21.0	♦	7.3
September		Kamunting $M0.50	120	—	—	0.8	5.5
Oct.	Apr.	Killinghall $M1	610	28.8	‡Q66.7c	♦	2.6
Jan.	May	Malaysia Mng. 10c	95	7.12	Q25c	1.1	6.3
—		Pahang	40	27.11	‡0.63	0.8	‡
July	Jan.	Pengkalen 10p	295	15	3.5	♦	1.7
June	Jan.	Petaling $M1	330	7.12	Q60c	♦	4.3
Jan.	Aug.	Sungei Besi $M1	200	7.12	‡Q310c	1.1	‡
—		Supreme Corp. $ML	110	9.74	‡Q15½c	♦	3.4
Mar.	July	Tanjong 15p	110	15.6	3.5	3.7	4.5

Copper

Miscellaneous

Dividends Paid		Stock	Price	Last xd	Div Net	Cvr	Y'ld Gr's
—		Anglo-Dominion	40	—	—	—	—
—	May	Burma Mines 10p	14½	30.3	0.75	0.9	7.4
—		Colby Res. Corp.	130	—	—	—	—
Aug.	Feb.	Cons. Murch. 10c	250xd	23.12	Q60c	♦	12.8
—		‡‡Exploration Gold	6	—	—	—	—
—		††Hemerdon 10c	63	—	—	—	—
—		Highwood Res.	55	—	—	—	—
—		Northgate C$1	245	9.77	—	—	—
Jan.	July	R.T.Z.	433	23.11	16.0	2.3	5.3
—		Do.9½%Cu.Ln.95-2000	£96½	12.5	Q9½%	—	19.9
—		††SPO Minerals 10p	21	—	—	—	—
—		Sabina Inds. C$1	18	—	—	—	—
—		✱Southwest C. 10p	29	—	—	—	—
—		Tara Exptn. $1	455	—	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ♦ Figures or report awaited.
- ✱ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 163(2)(a); not listed on any Stock Exchange and not subject to any listing requirements.
- ‡‡ Dealt in under Rule 163(3).
- # Price at time of suspension.
- § Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ‡ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ¥ No par value.
- ¢¢ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. ☆☆ Available only to UK pension schemes and insurance companies engaged in pension business. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1981-82. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1982. K Figures based on prospectus or other official estimates for 1981-82. M Dividend and yield based on prospectus or other official estimates for 1983. N Dividend and yield based on prospectus or other official estimates for 1981. P Figures based on prospectus or other official estimates for 1982. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xc ex capital distribution.

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

				IRISH		
Albany Inv. 20p	41	+1		Conv. 9% '80/82	£94¼	+⅞
Bertrams	16	—		Nat. 9¾% 84/89	£85¼xd	—
Bdg'wtr. Est. 50p	405	—		Fin. 13% 97/02	£75	—
Craig & Rose £1	£13	—		Alliance Gas	30	—
Finlay Pkg. 5p	25	—		Arnott	235	—
Graig Ship. £1	£22	—		Carroll (P.J.)	81xd	—
Higsons Brew.	68	−2		Concrete Prods.	90	—
Holt (Jos) 25p	520	—		Heiton (Hldgs.)	26	—
I.O.M. Stm. £1	150	—		Irish Ropes	36	—
Pearce (C. H.)	250	—		Jacob	63	—
Peel Hldgs.	116	—		T.M.G.	15	—
Sheff. Refrshmt.	85	—		Unidare	60	—
Sindall (Wm.)	190	—				

OPTIONS

3-month Call Rates

Industrials		House of Fraser	13	Utd. Drapery	6½
Allied-Lyons	6½	I.C.I.	18	Vickers	15
BOC Intl.	11	"Imps"	5	Woolworths	4½
B.S.R.	7½	I.C.L.	5		
Babcock	9	Ladbroke	13	**Property**	
Barclays Bank	36	Legal & Gen.	20	Brit. Land	7
Beecham	17	Lex Service	9	Cap. Counties	10
Blue Circle	38	Lloyds Bank	23	Land Secs.	30
Boots	18	"Lots"	2½	MEPC	20
Bowaters	19	London Brick	6½	Peachey	15
Brit. Aerospace	17	Lucas Inds.	18	Samuel Props.	13
B.A.T.	28	"Mams"	11	Town & City	2¼
Brown (J.)	5	Mrks. & Spncr.	10		
Burton Ord.	12	Midland Bank	25	**Oils**	
Cadburys	6	N.E.I.	7	Brit. Petroleum	28
Courtaulds	5½	Nat. West. Bank	30	Burmah Oil	11
Debenhams	7	P & O Dfd.	9	Charterhall	4
Distillers	16	Plessey	26	KCA	19
Dunlop	4½	Racal Elect.	34	Premier	7
Eagle Star	25	R.H.M.	7	Shell	28
F.N.F.C.	4	Rank Org. Ord.	14	Tricentrol	25
Gen. Accident	30	Reed Intnl.	23	Ultramar	40
Gen. Electric	55	Sears	5		
Glaxo	32	Tesco	5	**Mines**	
Grand Met.	15	Thorn EMI	30	Charter Cons.	22
G.U.S. 'A'	36	Trust Houses	11	Cons. Gold	46
Guardian	20	Tube Invest.	12	Lonrho	7
G.K.N.	22	Turner & Newall	7½	Rio T. Zinc	45
Hawker Sidd.	25	Unilever	50		

"Recent Issues" and "Rights" Page 26

FINANCIAL TIMES
Monday January 11 1982

Grade may quit Associated chair

BY JOHN MOORE

LORD GRADE, the 75-year-old chairman of Associated Communications Corporation, the entertainment conglomerate, has been considering relinquishing the role of chairman and chief executive for some time, it emerged yesterday.

Associated is expected to make a statement today clarifying the future of its colourful chairman and chief executive.

Lord Grade has always maintained "I intend to continue playing my role as chairman and chief executive of the group until the year 2001."

But the renewed expectations that Lord Grade might be on the point of stepping down as chairman — which a senior member of the group says he has been considering for some time — have come at a time when Associated is embroiled in a City row over a record compensation payment to Mr Jack Gill, the group's former managing director.

This morning at 11.00 am, Associated's legal representatives appear before Mr Justice Slade in the companies court, to defend a payment of £560,000 to Mr Gill and a provision to allow him to buy a £275,000 company house for £165,822.

The Post Office Staff Superannuation Fund, which holds 2.5 per cent of Associated's non-voting shares, supported by the National Association of Pension Funds, and ten other institutional shareholders in Associated, is seeking an injunction to block the suggested payment to Mr Gill.

Mr Ralph Quartano, chief executive of the Post Office Staff Superannuation Fund, said it was working "night and day" preparing its case to block the payment. Today's proceedings in the Companies Court are expected to be adjourned for a fortnight to allow Associated more time to prepare its own case.

For each day the payment to Mr Gill is delayed the payment is earning a notional sum of money. Interest of 6.25 per cent is proposed to be paid by Associated under the terms of the compensation agreement on the £560,000 cash sum from December 7 last year, to the date of the payment. On that basis Mr Gill to date is entitled to receive interest payments of over £3,400 on his settlement if it is not blocked by the courts.

Mr Gill, 62, a consultant to Trident Television, is "actively considering," suing Associated for breach of contract if the payment does not go through, according to his lawyers.

If Lord Grade decides to relinquish the role as chairman he may take on the role of life president of Associated. It has been suggested he might be prepared to sell his crucial 27.6 per cent block of voting shares, which give him effective control of Associated, to Mr Robert Holmes a Court, the Australian entrepreneur.

Business interests of Mr Holmes a Court recently acquired nearly 51 per cent of the non-voting shares in Associated. Lord Grade and other directors recently elected him to the board and allowed him to purchase 3 per cent of the voting shares.

There has been speculation that Mr Holmes a Court's Bell Group, the Australian publishing, leisure, transport and finance enterprise, is on the point of making a bid for the entire company.

Editorial Comment, Page 18

THE LEX COLUMN

New standards in accounting

Standardisation may be the aim of the UK Accounting Standards Committee, but flexibility is the preference of a great many British companies up and down the land. From next July the ASC will have a new chairman, Mr Ian Hay Davison, to try to regenerate the flagging momentum of the standards programme. He is unlikely to receive a very enthusiastic welcome from finance directors, who are prone to argue that they are far too busy keeping their companies afloat to be distracted by the minutiae of accountancy. Yet if company profits recover this year, as they look like doing, and if the frequency of emergency measures like plant closures becomes less, Mr Davison may be operating in a slightly more promising environment than his predecessor Mr Tom Watts, whose main job has been to force industry to publish dire current cost results.

At present the ASC is trying to produce its long-delayed currency translation standard next spring, and is preparing its battle lines over the leasing exposure draft, which is now open for comment. But what are the other important areas for listed companies to which Mr Davison should be attaching priority in the next couple of years?

Quite a lot of effort is likely to be expended on a merger accounting standard, an old topic which is being revived now because the legal framework has changed following the 1981 Companies Act. Apart from that, it is possible to pinpoint four subjects, some simple and some highly complex, where substantial improvements are long overdue.

First, a straightforward one. It is high time that companies were required to set out their past record of sales, profits and dividends in terms of pounds of constant purchasing power. Far too many companies still boast of "growth" when in real terms they have been shrinking—and not infrequently they call for new capital from shareholders to support that "growth." Of course, companies will hate the loss of their ability to shelter behind the cosy illusions of inflation: out of 300 major companies whose annual reports are analysed in the English Institute of Chartered Accounts' 1981-82 survey of published accounts, just published, only an heroic five voluntarily disclosed such information.

Another thorny area is that of segmental reporting, where there is still no UK standard—although one has long existed in the U.S. and the International Accounting Standards Committee has now brought out IAS 14 which requires disclosure of sales, profits and assets employed in each segment. In the UK there are certain requirements under company law and Stock Exchange regulations, but many companies still rely unreasonably upon the enormous latitude granted to them by the 1967 Companies Act to decide whether activities are substantially different or not.

Third, a review is long overdue of the extraordinary items standard SSAP 6, which has been a particular source of anomalies in the past two years of corporate retrenchment and surgery. At the bottom line, of course, it does not make too much difference where the accountants draw the wavery grey line between "exceptional" and "extraordinary" items. But the decision can make a lot of difference to the level of published earnings, and to the pace and timing of apparent recovery.

At least the 1981-82 accounts survey shows a little more consistency in some areas, if in a less conservative direction. Reorganisation costs are treated as extraordinary in 87 per cent of cases rather than the 68 per cent recorded the previous year. There was more variation with redundancy costs, however, which were exceptional in 27 cases but extraordinary in another nine.

Lastly, the nightmare—accounting for pension costs. The ASC has had its backroom boys working on this for years, but it is a subject bristling with technical difficulties, as well as one which risks serious professional rivalries between accountants and actuaries. Companies, moreover, are reluctant to bring huge hidden commitments out into the open: of the 300 survey companies, only 41 even disclose their normal annual pension contributions, and just seven mentioned total pension fund assets. Discretion is the key word here, not least because many pension funds are bigger than the companies which strive to keep feeding them.

At least the ASC will very soon be taking the small step of publishing a specially commissioned research paper. Beyond that it may seek to push ahead with a disclosure standard within the foreseeable future, but one of Mr Davison's responsibilities may be to ensure that a measurement standard, a far trickier proposition, is not shelved indefinitely.

Hongkong Bank

The imminence of the Monopolies Commission report on the proposed Royal Bank of Scotland takeovers has prompted two glowing brokers' studies on the Hongkong and Shanghai Banking Corporation. Both Wood Mackenzie and Vickers da Costa recommend purchase of the shares, either directly or through Royal Bank, whatever the Commission decides.

Both brokers expect HSBC to come back with an offer worth around 250p, if clearance is given. This is roughly equivalent to net asset value and a fifth higher than the current worth of the suspended paper offer. Royal Bank's importance to HSBC as a further arm outside Hong Kong is well documented. But Vickers also develops the argument that Royal Bank could be used to prop up HSBC's shareholders' funds to deposits ratio.

Vickers contends that retentions have failed to match the growth in the bank's deposit base, particularly in Hong Kong. It reckons that transfers to inner reserves—estimated at one third of true profits—have been progressively drawn down to support the capital base and that, despite a recent rights issue and property revaluation, the ratio could again be looking stretched a few years from now.

Acquisition of the more conservatively financed Royal Bank would improve the ratio, so long as it is financed largely with paper. But this begs the question—not fully addressed in either study—of the long-term earnings dilution which could result from the issue of highly rated HSBC equity. International diversification has already put it on a far less demanding multiple than Hang Seng Bank, HSBC's 61 per cent-owned Hong Kong subsidiary.

Nato foreign ministers seek unity over Poland

By John Wyles in Brussels

THE U.S. and its West European allies will make a determined attempt today to forget recent disagreements and present a united front demanding an end to repression in Poland and the restoration of talks between the Government, the free trade union Solidarity, and the Church.

But Nato Foreign Ministers, meeting in Brussels, will have to tread carefully around some difficult issues. Although the U.S. and the Europeans have a common view of what they want to happen in Poland, they are far from a common strategy on how to achieve it.

In addition, the Greek Government could cause havoc if it attempts to prevent the meeting issuing a communique similar in tone and substance to the vigorous criticism of both Poland and Soviet Union adopted by EEC Foreign Ministers last Monday.

Mr Assimakis Fotilas, the Greek Deputy Foreign Minister, was summarily dismissed only hours after he endorsed the statement, which the Athens government later said did not reflect its views. Subsequent explanations imply that the Greeks were unwilling to criticise the Soviet Union, to promise not to undermine American sanctions, and to consider EEC sanctions against Warsaw and Moscow.

These points, however, are the major elements in the recent harmonisation of views between the Europeans and the Americans which the U.S. is anxious should be proclaimed in any statement issued after today's meeting.

Both Herr Hans Dietrich Genscher of West Germany and Britain's Lord Carrington will want to put a more positive gloss on Western reaction by developing the idea of a generous Western economic recovery programme for Poland which would be conditional on the restoration of pre-martial law freedoms.

Weather

UK TODAY

MOST PLACES will have a very cold, bright and dry day.

Freezing fog patches are possible in many parts and may persist in a few places.

Maximum temperatures: England and Scotland 1C (34F). Wales −1C (30F). N. Ireland 0C (32F).

Outlook: Mostly dry with sunny intervals. Very cold. Widespread frost.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	C	13	55	Luxmbg.	S	−9	15
Algiers	S	22	72	Luxor	S	23	73
Amsdm.	S	−5	21	Madrid	F	10	50
Athens	C	14	57	Majorca	S	17	63
Bahrain		—	—	Malaga	F	17	63
Barclna.	F	14	57	Malta	S	19	66
Beirut		—	—	M'chstr	S	−2	28
Belfast	F	−1	30	Melbne.		—	—
Belgrd.	Sn	−7	19	Mx. C.†		—	—
Berlin	R	9	48	Miami†	F	9	48
Biarritz	F	16	61	Milan	C	0	32
Bmghm.	S	−5	23	Montrl†	Sn	−23	−9
Blackpl.	S	−5	23	Moscow	C	−19	−2
Bordx.	F	13	55	Munich	Sn	−10	14
Boulgn.	F	−7	19	Nairobi	C	29	84
Bristol	F	−5	23	Naples	C	15	59
Brussels	S	−9	15	Nassau		—	—
Budpst.	C	−7	19	Nwcstl	F	−6	21
Cairo	S	18	64	N. York†	F	−12	10
Cardiff	C	−5	23	Nice	S	11	52
Cas'b'ca	F	19	23	Nicosia	F	15	59
Cape T.	S	25	77	Oporto	F	15	59
Chicg.†	F	−31	−24	Oslo	C	−8	18
Cologne	S	−8	18	Paris	Sn	−5	23
Corfu	S	16	61	Perth	C	24	75
Denver†	Sn	−11	12	Prague	S	−11	12
Dublin	S	−1	30	Rykjvk.	Fg	−1	30
Dbrvnk.	F	15	59	Rhodes	C	14	57
Ednbgh.	S	−10	14	Rio J'o†		—	—
Faro	F	16	61	Rome	C	15	59
Florence	C	8	46	Salzbrg	Sn	−9	16
Frankft.	S	−9	16	S'cisco†	F	3	37
Funchal	S	18	64	S. Mritz.		—	—
Geneva	C	9	48	Singapr.		—	—
Gibrltr.	R	16	61	S'tiago†		—	—
Gl'sg'w	S	−7	19	Stckhm.	F	−6	21
G'rnsey	Sl	1	34	Strasbg	Sn	−6	21
Helsinki	C	−7	19	Sydney		—	—
H. Kong		—	—	Tangier	C	15	59
Innsbrk	Sn	−5	23	Tel Aviv		—	—
Invrnss.	S	−6	21	Tenerife	F	22	72
I.o.Man	F	0	32	Tokyo		—	—
Istanbul	C	9	48	T'r'nto†	F	−26	−15
Jersey	Sl	−1	30	Tunis	S	22	72
Jo'burg	S	25	77	Valencia	F	17	63
L. Plms.	S	22	72	Venice	F	0	32
Lisbon	S	14	57	Vienna	C	−10	14
Locarno	S	−1	30	Warsw	Sn	−9	16
London	F	−1	30	Zurich	Sn	−7	19
L. Ang.†	C	14	57				

C—Cloudy. F—Fair. Fg—Fog. R—Rain. S—Sunny. Sl—Sleet. Sn—Snow. †Noon GMT temperatures.

Unions may launch major drive to spell out Labour objectives

BY JOHN LLOYD, LABOUR CORRESPONDENT

UNION LEADERS are considering plans to mount a publicity campaign in support of the Labour Party's objectives, based on the model of the successful "Mr Cube" company-funded anti-nationalisation campaign of the 1950s and 1960s. The TUC might support the campaign, it is hoped.

The campaign is proposed in a background document on finance and organisation adopted by unions and the Labour Party at their conference last week at Bishop's Stortford, Herts. It is to be developed in the more detailed meetings planned between senior party and union figures over the next months, when the details of the "treaty" of Bishop's Stortford will be thrashed out. Its efficacy will stand or fall on those details.

The executive of the Trade Unions for Labour Victory—the organisation of major unions which called last week's conference—meets on Wednesday to begin this work. Joint union-party working groups are to be set up almost immediately.

The key finance group will be led by Mr Eric Varley, the party treasurer and shadow employment spokesman, and Mr Alex Kitson, deputy general secretary of the Transport and General Workers Union and chairman of its finance committee. The group on organisation will be led by Mr Moss Evans, general secretary of the TGWU, and Mr Eric Heffer, the leading left-wing MP.

The background document says the union's publicity campaign, which might cost between £1m and £2m, could begin this autumn, "with carefully chosen subjects which are entirely or predominantly industrial in character—public or co-operative enterprise as an alternative to privatisation, for instance, or possibly full employment rather than deliberately-created unemployment."

The report concedes that such a campaign might "open the door to the charge that we are using industrial money for a political purpose" (and thus falling foul of the 1913 Trade Union Act). However, it continues: "We believe we still have an entitlement to campaign in this way on primarily industrial issues in defence of our members interests."

It suggests that the unions' campaign be followed immediately by a Labour Party campaign on the same themes.

The report pays a tribute to the "Mr Cube" campaign begun in the 1950s by the sugar company Tate and Lyle. "It attracted considerable public interest and controversy and it achieved its purpose of bringing to the attention of the man-in-the-street the attitude of its sponsors on a matter of public interest," its says.

Halliday Simpson charges called for

By Ray Maughan

THE investigating committee of the Stock Exchange Council has recommended that charges be brought under the Stock Exchange disciplinary code against the seven former partners of the Manchester broking firm of Halliday Simpson.

The firm ceased trading last July after the council suspended Halliday's operations following allegations of irregular share dealings which involved a former manager of the Chieftain Unit Trust.

The committee's report was delivered to the Council at the beginning of last week after nine months of investigation and was sent to Halliday's former partners on Friday. Its findings are understood to concentrate on the use of what is described as an "open" account, code-named P 42.

The committee is believed to have alleged that four partners made use of this account, as did three outside fund managers. These were the investment managers of Arbuthnot Latham, Sir Trevor Dawson and Mr Michael Barratt—who resigned their directorships from the bank last summer—and Mr Bruce Dawson, investment manager of the Kuwait Investment Office.

It is alleged that profits accruing from substantial orders placed by Arbuthnot and the KIO and booked through the open account were transferred to a series of client accounts.

The investigating committee is thought to have discovered that the beneficiaries of these accounts included the broking firms' own nominee companies, a private company owned by Sir Trevor and its subsidiaries, and a dealing company connected with Mr Barratt. One account was held in the name of Lady Caroline Dawson, Sir Trevor's wife.

The report is understood to recommend a total of 87 charges against former Halliday members, and three associate members, including a total of 17 charges against the former senior partner, Mr David Garner.

These recommendations have now been passed to the Stock Exchange disciplinary committee for consideration.

If the council decides to take further action it will not be in a position to make a further statement until at least May, after a full hearing and, if required, the appeals procedure.

Electricity supply industry urges wider discounts for large users

BY MARTIN DICKSON, ENERGY CORRESPONDENT

THE ELECTRICITY supply industry has put to the Government a plan to offer large industrial power consumers wider opportunities for price discounts.

The idea is one of the main recommendations in a review of the bulk supply tariff presented to Mr Nigel Lawson, Energy Secretary.

The Government asked the supply industry to look at the structure of the tariff over a year ago, amid mounting complaints by industrialists that electricity prices in the UK were substantially higher than those on the Continent.

The report examines several alternative methods of pricing but is believed to come to the broad conclusion that there is nothing fundamentally wrong with the present system.

Nevertheless, it recommends some relief to large industrial users through changes to its load management system. This involves offering industrial users discounts on their supplies if they agree to reduce their power load at times of peak national demand.

As an initial concession to industrialists, a new type of load management system—so-called category C—was introduced at the time of last year's Budget. This entitled users to additional discounts if they accepted much shorter notice before reductions—often less than an hour.

Category C was taken up by fewer companies than expected, however, either because of the length and number of power reductions or the shortness of the notice period.

The idea now is to make category C more flexible—offering companies longer notice and less reductions.

This would mean a small reduction—possibly as much as 5 per cent—in the price rises faced by companies this year. Electricity tariffs for both industrial and domestic consumers are due to go up from April, probably by around 10 per cent.

The Government increased by £45m the supply industry's external financing limit to meet last year's price concessions. The industry is likely to argue that similar assistance will be needed this time.

If the Government approves the plan it seems certain to be attacked by industry as an inadequate response to its complaints.

A report by a National Economic Development Office task force last autumn said that while the price gap with France and West Germany had narrowed since the start of the year, the UK's biggest power users still faced prices which could be up to 16 per cent higher than in West Germany and up to 28 per cent higher than in France.

The report said category C load management had been adopted by around 60 per cent of the largest consumers eligible in the steel and chemical industries—but that the price reductions were partially offset by the cost of interrupting production.

Heavy truck sales plunge by 27%

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

SALES of heavy trucks in the UK fell last year to the lowest level since records began in their current form 40 years ago.

The Society of Motor Manufacturers and Traders said only 44,850 trucks of over 3.5 tons gross weight were registered in 1981.

This was nearly 27 per cent down on the 1980 total of 61,300, and almost 44 per cent below the peak of 79,856 in 1979.

In the exceptionally competitive market generated by the sharp fall in demand importers increased their share of the heavy truck market.

Imports accounted for 10,795 or 24 per cent of the heavy trucks sold last year, against 13,031 or 21.25 per cent in the previous 12 months.

Commercial vehicle sales totalled 217,903 last year, down nearly 20 per cent from 1980. Importers penetration rose from 24.1 to a record 31.4 per cent.

The major factor was the success of the Japanese in the purpose-built van market. Although this sector of the overall market fell 16.5 per cent—from 118,261 to 98,706 registrations—the Japanese increased unit sales from 19,042 to 25,291 and their share of the sector rose from 16 to 25.6 per cent.

The UK industry has protested strongly about this spurt and at the recent industry-to-industry talks between Britain and Japan, the Japanese agreed to restrict shipments of vans in 1982. As a result their market share should fall to below 11 per cent this year.

The bus and coach sector suffered nearly as badly as the heavy truck market last year. Registrations fell 23 per cent, from 5,792 to 4,441, a level at which some UK bus manufacturers question their ability to survive.

The car-derived van sector experienced a near-22 per cent fall from 74,912 to 58,594.

Least affected by the overall decline in sales was the light four-wheel-drive sector, where sales were down only 4.5 per cent — from 11,745 to 11,212. Sales of Land Rovers and Range Rovers were down almost 17 per cent from 6,824 to 5,666.

The industry is hoping that sales of commercials will bounce back in 1982, but the year ended on a downbeat with sales in December off by more than 18 per cent at 13,510. Importers took 25 per cent against 16.7 per cent in the same month of 1980.

Continued from Page 1

Jenkins

fight two-thirds of the next 150 most winnable seats.

This is to fulfil the new criterion in the guidelines on seats, that each party should have parity of MPs in the next House of Commons. The position will be reviewed at a national negotiating meeting on January 26.

The SDP-Liberal Alliance was attacked yesterday by the Prime Minister in an interview on BBC Radio's World this Weekend programme. The attack indicated what is likely to become a full-scale Tory offensive.

She said the Alliance did not know what it stood for. She said: "The SDP has been very careful not to say what they stand for because they do not agree. The vast majority of the SDP are the old Labour Party that gave in to the unions, gave the unions more privileges, that nationalised and monopolised, some of whom stood on the Grunwick picket lines, and who killed off the grammar schools."

Her main theme was the familiar one of sticking to the present economic strategy. She said it was wicked to imply that anybody could be Lord or Lady Bountiful. More could not be spent without higher taxes.

Mrs Thatcher said she would have liked to be tougher on inflation and on public expenditure but she could not go faster than Parliament and people would allow.

U.S. steel imports

Continued from Page 1

It is satisfied that it has not infringed the trigger-price mechanism, a voluntary arrangement for controlling the prices of imports to the U.S. It was announced on Friday that it is being abandoned.

Up to £300m worth of BSC business could be at risk — in addition to the danger that closure of the American market might lead to Continental steel producers concentrating their attention on Britain as they did at the time of the national steel strike.

Mr Ian MacGregor, BSC chairman, has warned Mr Patrick Jenkin, Industry Secretary, that the U.S. problem is likely to have a major influence on the BSC corporate plan.

The Brussels reaction to the suits being lodged by U.S. Steel, Bethlehem Steel and Republic Steel makes it clear that the Commission has been surprised by the U.S. Government's failure to avert the actions. When Viscount Davignon and Mr Malcolm Baldrige, the U.S. Commerce Secretary, met in London in mid-December the understanding had been that further attempts to defuse the transatlantic steel row would be made.

There has been speculation inside the European Commission, however, that the Reagan Administration's intention may be to use the steel suits as a political signal to caution Community governments over their reluctance to back U.S. sanctions against the Soviet Union following the Polish military takeover.

Registered at the Post Office. Printed by St. Clement's Press for and published by the Financial Times Ltd., Bracken House, Cannon Street, London, EC4P 4BY.